

Agenda

Planning Board Regular Meeting

6:30 PM July 18, 2024

Board Meeting Room, Town Hall Annex, 105 E. Corbin St.



1. **Call to order and confirmation of quorum**
2. **Agenda changes and approval**
3. **Minutes review and approval**
 - [A.](#) Minutes from May 16, 2024 Joint Public Hearing
4. **Public comment period - for items not on the agenda**
5. **Old Business**
 - [A.](#) Annexation and rezoning request for Waterstone South, a Planned Development (applicant-initiated)
6. **New Business**
 - [A.](#) Flood Damage Prevention Ordinance text amendment: Section 3.C *Establishment of Floodplain Development Permit* (staff-initiated)
 - [B.](#) Unified Development Ordinance text amendment: Section 3.13 *Site Plan Review* (staff-initiated)
 - [C.](#) Unified Development Ordinance text amendment: Section 6.18.10 *Signage - Billboards* (staff-initiated)
 - [D.](#) Unified Development Ordinance text amendment: Section 3.8.11 *Special Use Permit - Notice of Evidentiary Hearing* (staff-initiated)
7. **Updates**
8. **Adjournment**

Interpreter services or special sound equipment for compliance with the Americans with Disabilities Act is available upon request. If you are disabled and need assistance with reasonable accommodations, please call the Town Clerk's Office at 919-296-9443 a minimum of one business day before the meeting.

101 E. Orange St., PO Box 429, Hillsborough, NC 27278
919-732-1270 | www.hillsboroughnc.gov | @HillsboroughGov

PUBLIC COMMENT INSTRUCTIONS

Written Public Comment

Members of the public may provide written comment by submitting it via the Planning & Economic Development contact form online at <https://www.hillsboroughnc.gov/about-us/contact-us/contact-planning-and-economic-development> by noon the day of the meeting. When submitting the comment, include the following: meeting date; agenda item; your name; and your contact information (address, email, and phone).

Verbal Public Comment

If you wish to provide verbal comment, you can sign up to speak at the meeting. If you have questions prior to the meeting, you can contact Planning staff at 919-296-9470 or online at <https://www.hillsboroughnc.gov/about-us/contact-us/contact-planning-and-economic-development>.

Minutes

PLANNING BOARD AND BOARD OF COMMISSIONERS

Joint public hearing

7 p.m. May 16, 2024

Town Hall Annex Board Meeting Room, 105 E. Corbin St.



Present

Town Board: Mayor Mark Bell and commissioners Meaghun Darub, Robb English, Kathleen Ferguson, Matt Hughes and Evelyn Lloyd

Planning Board: Chair Frank Casadonte and members Cassandra Chandler, John Giglia, Sherra Lawrence and Saru Salvi

Absent: Planning Board: Vice Chair Hooper Schultz and members Jeannette Benjey, Robert Iglesias and Christian Schmidt

Staff: Planning and Economic Development Manager Shannan Campbell, Planner II Molly Boyle, Environmental Engineering Supervisor Bryant Green and Town Attorney Staff Lydia Lavelle

1. Call to order and confirmation of quorum

Mayor Mark Bell called the meeting to order at 7 p.m. and confirmed the presence of a quorum. He passed the gavel to Planning Board Chair Frank Casadonte.

2. Agenda changes and approval

Planner II Molly Boyle suggested to change item 4 on the agenda to "continue with the public hearing" since the hearing was opened on April 18th and continued.

Motion: Planning Board Member John Giglia moved to approve the agenda as amended. Planning Board Member Cassandra Chandler seconded.

Vote: 5-0. Motion passed.

3. Approval of minutes

Approval of the Joint Public Hearing minutes on April 18, 2024.

Motion: Commissioner Kathleen Ferguson moved to approve the April 18, 2024, minutes. Planning Board Member Cassandra Chandler seconded.

Vote: 10-0. Motion passed.

4. Continue with the public hearing

5. Public hearing items

A. Annexation and rezoning request for "Waterstone South"

Boyle reviewed the logistics of the hearing with the audience and then gave a presentation on behalf of town planning. She explained that most of the project site is within Orange County's planning jurisdiction with a small piece within town limits. The applicant is requesting to be rezoned as a Planned Development (PD) district, which allows variable uses and densities. The zoning requirements for a PD are specific to the project and the town and applicant can negotiate conditions.

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The applicant proposes to develop the land in three phases. The proposed land uses are:

- 450 apartment units,
- 205 townhomes,
- 200,000 sq. ft. of medical/general office and outpatient services,
- 40,000 sq. ft. of neighborhood commercial, and
- 32 acres of open space.

Also, the applicant is proposing to make 15% of the market rate units affordable to those earning 80% of the median income.

Boyle reviewed the map of the proposed site, highlighting road access points and noting a conservation easement area. She summarized the considerations to be taken by the board when evaluating a rezoning request as stated in the Unified Development Ordinance (UDO). Boyle also asked the board to consider consistency with the town's Comprehensive Sustainability Plan (CSP).

Next, Environmental Engineering Supervisor, Bryant Green, presented for the town's Utilities, Public Works and Stormwater divisions. Green described the existing sewer infrastructure at the proposed site. He explained that the site has three sanitary sewer pumping stations nearby: Woodsedge Front, Woodsedge Back, and the Nazarene Pumping Station. However, the site has no frontage on a gravity sewer. The applicant is proposing to relocate the Nazarene station to the project site and abandon one of the Woodsedge stations. The net effect would be to replace two existing stations with one new station.

The developer hired an engineering firm to conduct a downstream capacity analysis of the existing sanitary sewer system and the impacts of the proposed development. The town performed its own analysis as well through a different consulting firm. Both analyses show that some downstream improvements may be needed. However, Green explained there are some potential alternatives, which he would cover under the "proposed conditions" portion of his presentation.

Green also reviewed the existing water infrastructure nearby. The project site is in the town's "south zone," and the hydraulic grade line is sufficient to serve the proposed site. Green also reviewed the staff-recommended conditions for Utilities, Public Works, and Stormwater.

Eric Chupp with Capkov Ventures, Inc. and Dan Jewell with Thomas and Hutton then gave presentations on behalf of the applicant. Chupp provided an overview of Capkov Ventures' development history. Jewell presented the master plan in detail, with particular attention to the overall concept of the design, density, and the proposed open space.

Jewell stated that the developer is committed to building the proposed water/sewer infrastructure to town standards. He stressed the proposal takes two old pumping stations off-line and would create a new pumping station. The developer would also pay for other improvements to the town's sewer system.

The road network would be built to public standards, and the developer would coordinate with town staff to determine appropriate street cross-sections. The applicant hired a firm to conduct a Traffic Impact Analysis as well, which included suggestions for road improvements off-site. NCDOT reviewed the analysis and agreed with the findings.

Jewell acknowledged that neighbors have expressed concern about the development and the loss of the existing woods/screening. The applicant is committing to protect the area of the project that is currently in

the county's Rural Buffer zoning district, as well as an undisturbed buffer of at least 100' off Scarlett Mountain Road. That green space to the south will be in a permanent conservation easement.

Chupp then continued the presentation by discussing potential community benefits. He went through a series of slides with excerpts from the town's Comprehensive Sustainability Plan, and he explained how the proposed project was consistent with each. He also reviewed the financial and economic analysis conducted for the project, as well as the developer's commitments to help upgrade the town's water and sewer infrastructure. Chupp concluded his presentation.

Planning Board member Saru Salvi asked for clarification on the proposed affordable housing integration, specifically the examples shown on the slides versus what is proposed in the text. Chupp explained the visual samples were examples from different projects and jurisdictions. For Waterstone South, the developer is proposing full integration of the affordable units. Thus, there would be no visible distinction between them and those that are market-rate.

Planning Board member Cassandra Chandler asked for clarification about the open space, specifically the amount required versus the amount proposed. Boyle explained that the applicant is proposing 32 acres of open space total, some of which is required stream buffer area. Chandler asked how much area was in stream buffer, and Boyle said the applicant would need to address that.

Public comment began with Cathy Williams, Orange County resident and president of the Stoney Creek Homeowners' Association. She thanked the boards and the applicants for their considerations of community and affordability. She noted that she was not speaking on behalf of her neighborhood. She explained that she is concerned about the potential loss of biodiversity. She understands the importance of development for the town. She asked that the town consider the way the biodiversity is protected when mixed used development sites are cleared for construction. She provided benefits of developing in a sustainable way. She acknowledged the applicant's efforts thus far but believes the proposal could be improved.

Jean Brooks spoke next. She is an Orange County resident who lives on E. Scarlett Mountain Road. She called the accuracy of the site survey into question. She also discussed complications with the existing Woodsedge Mobile Home Park, specifically that part of the Waterstone South project area was supposed to serve as open space for the home park. She also said that the mobile home park owner, Roger Dale Stephens, was not legally allowed to sell that area to the developer.

Brooks also explained her concern about increased congestion along Highway 86 and the proposed density. She said she did not think Hillsborough needed this level of development. She understands that progress will come, but she feels that this particular project is too big. She showed an undated comprehensive report of development standards for preserving rural character from Orange County, which depicted an archaeologically rich site.

Chandler asked if Ms. Brooks was aware of any legal documentation that supported her comments, specifically regarding the mobile home park and the report from Orange County. Brooks clarified that the report she was holding was called, "Residential Development Standards for Preserving Rural Character" by Orange County. She did not see a date on it, but she said it may be from 1994. She also told of letters she possessed from former Orange County commissioners about the mobile home park, but she did not have them with her.

Elizabeth Jenkins, a resident of the Woodsedge mobile home park, expressed her concerns about the impact on the schools and increased traffic congestion creating an unsafe environment for students. She said she was

also concerned about an increase in taxes. She said she heard it mentioned that there was going to be a debt increase on the Town of Hillsborough for the project, which would affect the taxpayers. She was also concerned about tree removal and requested wider riparian buffers.

Giglia asked Jenkins to clarify the additional costs to which she was referring. Jenkins pointed to the cost of building the new sewer pumping station as an example.

Derrick Eads, a resident of Orange County who lives on E. Scarlett Mountain Road, spoke. He said that an existing Special Use Permit (SUP) from Orange County for the mobile home park had mandated that the mobile home park and associated open space were to remain in “unitary ownership.” So, that portion of the Waterstone South project area never should have been sold to Capkov Ventures.

Eads stated that on May 8, 2024, the Orange County Board of Adjustment approved a modification to the existing SUP that removed the unitary ownership clause and allowed the mobile home park’s open space to be reconfigured. He believes that decision will be appealed. He said that the residents of E. Scarlett Mountain Road bought property there in part because that adjacent land was supposed to remain open space. He believes the proposed density for the project is too high for the area. He felt the developer did not listen to the community when considering the proposed development. He expressed the negative impact ten years of construction would have on adjacent residents and wildlife. He concluded his comments. Mr. Eads was the last person signed up to speak on this item.

Boyle offered clarification about the existing mobile home park and the associated Special Use Permits (SUPs) with Orange County. She said that she and Tom King, Senior Planner, attended the recent hearing at Orange County, so she could speak on the subject. She explained that in the mid 1980s – 1990s, Mr. Roger Dale Stephens obtained two SUPs through Orange County to create the mobile home park in question. Even though there are two SUPs, the mobile home park operates as one. She said the SUPs required that the mobile home park and associated open space remain under “unitary ownership.” The SUPs also designated the required open space areas.

Boyle said that in the late 2010s, the mobile home park property was subdivided, which was permissible under state law. However, the sale of the subdivided property to Capkov Ventures violated the “unitary ownership” requirement of the SUPs. Capkov Ventures was not aware of the issue at the time of sale. Once they became aware, they approached the county. The county’s solution was to put the case before its Board of Adjustment, which handles Special Use Permit cases.

Capkov Ventures, Inc. applied to modify the existing SUPs for the mobile home park. Specifically, they requested to remove the unitary ownership clause and reconfigure the required open space for the mobile home park. The Orange County Board of Adjustment approved the proposed modifications on May 8, 2024.

Casadonte opened the floor for board members to ask questions and offer comments.

Hughes asked about the vote at Orange County’s Board of Adjustment meeting. Boyle said the vote was 3-2 to approve the SUP modifications.

Hughes also asked Lydia Lavelle with the Town Attorney’s office about how the SUPs might affect the annexation request with the Town of Hillsborough. He noted that residents might appeal the Orange County Board of Adjustment decision to Superior Court. He asked if annexation of the property by the town would nullify the SUPs. Lavelle said annexation would not nullify the SUPs. She said she would need to consult with Town Attorney Bob Hornik about how such an appeal would or could affect annexation.

Chandler asked if the applicant is asking the town to annex the site. Boyle said yes but clarified that the existing mobile home park was not to be annexed.

Casadonte asked Bryant Green if the Woodsedge Mobile Home Park is serviced by the town and how the park could be impacted by the project. Green explained that the mobile home park is an out-of-town water and sewer customer, and wastewater from the park would drain to the proposed new pumping station.

Giglia asked if the proposed development would put the sanitary system at 100 percent capacity. Green replied that the wastewater plant is at 62% capacity. The town's water situation has room for addition since the water plant has access to additional water sources and the town has completed a major expansion of the West Fork Eno Reservoir.

Hughes asked Green to respond to Ms. Jenkins' debt question from earlier. Green replied that water and sewer projects are funded by water and sewer revenue. The town does not use tax funds for those projects. When Green was discussing debt during his presentation, he said he was referring to revenue bonds, which the town issues in anticipation of future water and sewer rate revenue. That debt is used to build projects that will allow that revenue to come. The developer's proffer would reduce the amount of debt the town would need to issue in order to build the necessary water and sewer projects.

Hughes clarified that the applicant's proffer would potentially reduce the debt the town would need to issue. Green agreed that the town would need to issue less debt, although it would still need to issue some.

Bell recognized the applicant's attention to the Comprehensive Sustainability Plan. He asked if a partner had been selected to manage the affordable housing component. Chupp replied that they have not selected a partner yet.

Bell asked Planning and Economic Development Manager Shannan Campbell how the town's tax revenue would be affected if a nonprofit organization rented or owned the proposed commercial space. Campbell said that portion of the development would be market driven. She acknowledged that if a nonprofit entity, such as UNC Health, obtained the space, the town would not gain commercial tax revenue from it. Bell said that Hillsborough is concerned about the commercial-to-residential ratio of its tax base since residential development in town has been booming.

Giglia asked the applicant for the proposed residential occupancy of the development. Chupp estimated about 1,500 at full build-out based on the proposed number of units and an assumed density factor of 2.5 people per multi-family unit.

Chandler asked the applicant to address the impact on the Cates Creek basin and the environment. Chupp explained the proposed development surpasses the town requirements for green spaces. Chupp explained how Capkov Ventures has a history of incorporating sustainable practices into their developments such as native plantings.

Commissioner Evelyn Lloyd emphasized the need for restaurants and asked the applicant to also consider a hotel based on the hospital needs. Chupp replied that he has spoken with a restaurateur. Chandler and Giglia added the need for a grocery store.

Hughes asked the applicant if the development's roads would accommodate a school bus. Chupp said yes and that the roads would be public streets.

Ferguson asked Boyle to underscore requirements in the Unified Development Ordinance (UDO) that may address some of the public's concerns regarding clear-cutting and tree protection. Boyle said that the construction drawings for the project will need to comply with UDO standards on landscaping, screening, stream buffers, and tree protection. The town does not allow clear cutting.

Ferguson highlighted bioswales in another area of town as an example. Campbell relayed that green infrastructure conditions could be placed on the project.

Chandler asked how the proposed development will impact the schools. Campbell stated that public schools in the area are actually seeing a decrease in enrollment, so capacity is not an issue at this time.

Giglia shared his concern for the traffic impact on Old NC Highway 86. Green said that off-site improvements will be required and that both NCDOT and the town will be evaluating the need for improvements as the project develops.

Bell inquired about the easement required from UNC for a greenway. He said it appeared that the annexation would not be possible without it because without that strip of land, the annexation would be non-contiguous. The town is already at its maximum allowance for satellite annexation. Boyle replied that the strip of land in question can be annexed, it is just not clear at this stage how exactly the strip will be used. It could be for a greenway connecting to the UNC property, if UNC allows that. Alternatively, the strip may just serve as a utility easement for the water line. Campbell said that planning staff has recommended a condition that the developer approach UNC about an access easement for a greenway.

Robb English stated that he wanted to see that greenway access, and that it was a critical component in his decision.

Member Darub asked if connectivity between Waterstone South and the existing mobile home park had been discussed. Chupp replied that it has not been discussed, but a connection is possible. He said one of the easements for the pumping stations could serve as an access point. English agreed with Darub, saying he wanted the mobile home park to benefit from the improvements. Chupp said he would continue to reach out to UNC to discuss.

Casadonte asked for any further questions. Hearing none, he asked for a motion to close the public hearing.

6. Close the public hearing

Motion: Ferguson moved to close the public hearing. Giglia seconded.

Vote: 10-0. Motion passed.

The Board of Commissioners and the mayor were excused, and the Planning Board recessed for five minutes. Hughes and Lloyd stayed.

The Planning Board reconvened at 9:15 p.m. and discussed whether they wished to continue their meeting or table the items until next time. The Planning Board decided to continue with the meeting.

7. Planning Board recommendations

A. 128 W Margaret Lane rezoning

Casadonte reviewed the application specifics and asked if the board was prepared to vote. Members of the board expressed concern over the rezoning request.

Boyle summarized the options for the rezoning proposal. She explained that the applicant was requesting to rezone to Neighborhood Business, a general use zoning district. However, if the board was not amenable to that, the applicant was willing to opt for a conditional zoning district instead. She explained that the property in question was currently zoned as a special use district, and that the General Assembly no longer allowed those. Under state law, existing special use districts are now treated as conditional zoning districts that happen to have special use permits. In essence, the property in question already is a conditional zoning district, so the board could amend the allowable uses under the conditional zoning or just rezone the property to the Neighborhood Business general use district instead. Boyle asked Lavelle to confirm if her summary was accurate, and Lavelle confirmed that it was.

The members then discussed the necessity of rezoning and the effects on future ownership and use. Campbell replied that, currently, the applicant is limited to the uses allowed under the existing special use permit.

Casadonte reiterated the options before the board for consideration and recommendation. Campbell shared the types of uses allowed under the Neighborhood Business general use zoning district, as well as the proposed uses under the conditional zoning alternative. She noted that the zoning carries with the land, so sale of the property would not affect the zoning.

Casadonte asked if the board was willing to vote. Lawrence wished to abstain, but Lavelle replied that she could not abstain since she did not have a conflict of interest.

Motion: Chandler motioned to deny the rezoning requests for 128 W Margaret Lane. Giglia seconded.
Vote: 3-2. The motion passed.

B. Unified Development Ordinance (UDO) text amendment: Home occupations, accessory dwellings and short-term rentals

The board reviewed the text amendment. Boyle reported that Dani Black with the Tourism Development Authority had expressed concerns at the public hearing about the short-term rental regulations and that Ms. Black wanted the regulations vetted further. Boyle explained that the Planning Board had two versions of the text amendment to consider: one with the short-term rental regulations and one without.

Chandler said she recalled conversations at the hearing about private roads versus public roads. Boyle said that related to the regulations on accessory dwelling units (ADUs). She explained that the intent of the text amendment was to create more opportunities for ADUs and home occupations, but that the scope of the text amendment kept expanding. She said the current UDO does not allow ADUs on private roads and that staff was not proposing changes to that requirement at this time. She suggested that staff could research the viability of allowing ADUs on private roads and bring those findings back to the Planning Board at a later date.

Boyle noted that a resident had signed up to speak on this item. She noted that the public hearing was closed, so the Planning Board did not have to allow further public comment. However, the board could do so if it wished. Casadonte recognized the resident to speak.

Sean Kehoe addressed the board. He is the chair of the Board of Adjustment, but he was just speaking as a Hillsborough resident. He owns property on a private road and expressed his desire for the town to allow ADUs on private roads.

Motion: Giglia motioned to a) recommend approving the version of the text amendment *with* the changes to short-term rentals and b) have staff research the viability of ADUs on private roads and bring the findings back to the Planning Board at a later date. Chandler seconded.

Vote: 5-0. Motion passed.

C. Historic District Design Standards updates

Cambell reviewed the updates. Cambell reported that at the public hearing, Mayor Bell had suggested a slight change in wording, specifically changing the language under “Ordinary Maintenance and Repair” to say “applicants *shall* consult with staff” instead of “applicants are encouraged to consult with staff.”

Motion: Salvi motioned to accept the text changes with the minor change suggested by Mayor Bell. Chandler seconded.

Vote: 5-0

8. Updates

A. Board of Adjustment

The Planning Board representative to the Board of Adjustment, Robert Iglesias, was absent. The Board of Adjustment Chair, Sean Kehoe, was attending the Planning Board meeting as a resident, so he offered an update. He said there was nothing new to report. Tom King, Senior Planner and staff support to the Board of Adjustment, was also in attendance. He gave a brief update on Collins Ridge.

B. Parks and Recreation Board

There was no Parks and Recreation Board update.

C. Staff and board members

Hughes reported the town skate park was under construction.

9. Adjournment

Motion: Lawrence moved to adjourn at 9:45 p.m. Giglia seconded.

Vote: 5-0. Motion passed.

Casadonte recognized Chandler’s service on the Planning Board.

Respectfully submitted,



Molly Boyle
Planner II
Staff support to the Planning Board

Approved: Month X, 202X



Agenda Abstract PLANNING BOARD

Meeting Date: July 18, 2024
Department: Planning and Economic Development Division
Agenda Section: 5A
Public hearing: Yes
Date of public hearings: April 18, 2024 and May 16, 2024

PRESENTER/INFORMATION CONTACT

Molly Boyle, Planner II
Tom King, Senior Planner
Shannan Campbell, Planning and Economic Development Manager

ITEM TO BE CONSIDERED

Subject: Annexation and rezoning request for "Waterstone South"

Attachments:

1. Submitted application forms
2. Master Plan set
3. Annexation map
4. Project narrative & "findings of fact"
5. Draft conditions of approval
6. Staff analysis
7. Traffic impact analysis – summary & NCDOT review letter
8. Fiscal benefits & economic impacts
9. Net fiscal impact analysis
10. Neighborhood Information Meeting summary
11. Draft Planning Board consistency statement

Proposal:

The applicants, Capkov Ventures, Inc. and Woodsedge Properties, LLC, are requesting to:

- Annex 97.02 acres of the project area (remaining 2.12 is already within town limits); and
- Rezone approximately 99.14 acres from R1 (County), EDH-2 (County), and ESU (Town) to a Planned Development (PD) district for apartments, townhomes, and various non-residential uses, including medical, office, and neighborhood commercial.

Please see the enclosed Staff Analysis for a more detailed summary of the proposal (**Attachment 6**).

Joint public hearings:

The public hearing was opened on April 18, 2024, and continued to May 16, 2024. The approved minutes for the April 18th hearing are available online at <https://mccmeetings.blob.core.usgovcloudapi.net/hillsbrnc-pubu/MEET-Minutes-149f3b7cd6f542f3a6bf8dbc6ac55f01.pdf>. The draft minutes for May 16th are included in this agenda packet under Item 3.

Comprehensive Sustainability Plan goals:

- Land Use and Development Goal 1:
Ensure that future growth and development, including infill and redevelopment, are aligned with smart growth principles and consider infrastructure constraints such as water and wastewater system capacity.
- Strategy:
Develop and adopt plans that contribute to meeting preferred future land use and growth patterns.

Financial impacts:

See the attached Fiscal Benefits and Economic Impacts Assessment (**Attachment 8**) and the Net Fiscal Impact Analysis (**Attachment 9**).

Staff comment and recommendation:

Staff recommends approval of the annexation and rezoning requests. Staff's recommendation is based on technical compliance (*i.e.*, compliance with the town's Unified Development Ordinance and other development regulations). Staff does not have the discretionary authority to consider public comment in its recommendations.

Action requested:

Make a recommendation on the rezoning request to the Board of Commissioners (the Planning Board does not offer comment/recommendations on annexation requests).



TOWN OF
HILLSBOROUGH

**PETITION FOR
Annexation of Contiguous Property**

Planning Department
101 E. Orange Street / P.O. Box 429
Hillsborough, NC 27278

Phone: (919) 296-9471 Fax: (919) 644-2390

Website: www.hillsboroughnc.gov

TO THE BOARD OF COMMISSIONERS OF THE TOWN OF HILLSBOROUGH:

(1) The undersigned, Eric Chupp, VP of Capkov Ventures, Inc

being the owner(s) of all real property located within the area described in paragraph two below requests that such area be annexed to the Town of Hillsborough.

(2) The area to be annexed is contiguous to the Town of Hillsborough and is located Generally south of Waterstone Drive, west of NC Hwy 86, east of Interstate 40, and north of the rural buffer boundary

(3) A map of the foregoing property, showing its relationship to the existing corporate limits of the town, is attached hereto.

(4) This petition is presented under the authority contained in G.S. 160A-31.

Respectfully submitted this 15th day of January, 20 2024

[Signature] Eric Chupp, VP of Capkov Ventures, Inc.
Property Owner Witness

X
Property Owner Witness

Property Owner Witness

Property Owner Witness

Property Owner Witness

Property Owner Witness



TOWN OF
HILLSBOROUGH

**PETITION FOR
Annexation of Contiguous Property**

Planning Department
101 E. Orange Street / P.O. Box 429
Hillsborough, NC 27278
Phone: (919) 296-9471 Fax: (919) 644-2390
Website: www.hillsboroughnc.gov

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Respectfully submitted this 15th day of January, 20 2024

[Signature]
Property Owner

[Signature]
Witness

X [Signature]
Property Owner

[Signature]
Witness

Property Owner

Witness

Property Owner

Witness

Property Owner

Witness

Property Owner

Witness



RECEIVED
1/22/2024
[Signature]



TOWN OF
HILLSBOROUGH

GENERAL APPLICATION
Amendment to Future Land Use Map, Unified
Development Ordinance or Official Zoning Map

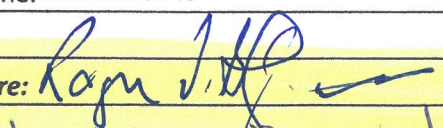
Planning and Economic Development Division
101 E. Orange St., PO Box 429, Hillsborough, NC 27278
919-296-9477 | Fax: 919-644-2390
www.hillsboroughnc.gov

This application is for amendments to the Future Land Use Map, Unified Development Ordinance, and/or Official Zoning Map. Incomplete applications will not be accepted or processed.

OFFICIAL USE ONLY		
Case Number:	Fee: \$ 19,828.00	Receipt No.: 060269
FLUM Designation:	Zoning District:	Overlay Zone: Select One

Amendment Type: Zoning Map-Planned Development District

PROPERTY LOCATION AND DESCRIPTION	
Property Address or Location: (please see attached)	
PIN(s): (please see attached)	Size of Property (Acres/Sq. Ft.): 99.140 Acres
Current Use of Property: Single family residential and vacant	
Current Zoning Classification(s): (please see attached)	
Proposed Zoning Classification(s): Planned Development (PD)	

CERTIFICATION AND SIGNATURES	
Applications will not be accepted without signature of legal property owner or official agent.	
I certify that the information presented by me in this application and all accompanying documents are true and accurate to the best of my knowledge, information, and belief; and I acknowledge that the processing of this application may require additional town, county and/or state permits, approvals, and associated fees.	
Applicant Name: Capkov Ventures Inc.	Legal Property Owner Name: Woodsedge Properties LLC
Mailing Address: PO Box 16815	Mailing Address: 2204 Chris Drive
City, State, ZIP Code: Chapel Hill, NC 27516	City, State, ZIP Code: Hillsborough, NC 27278
Telephone: 919-260-7262	Telephone: 919-730-9743
Email: ericbchupp@bellsouth.net	Email:
Signature: 	Signature: 
Date: 1-22-2024	Date: 1-22-2024



RECEIVED
1/22/2024
Tom FL



TOWN OF
HILLSBOROUGH

GENERAL APPLICATION
Amendment to Future Land Use Map, Unified
Development Ordinance or Official Zoning Map

Planning and Economic Development Division
101 E. Orange St., PO Box 429, Hillsborough, NC 27278
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OFFICIAL USE ONLY		
Case Number:	Fee: \$	Receipt No.:
FLUM Designation:	Zoning District:	Overlay Zone: Select One

Amendment Type: Zoning Map-Planned Development District

PROPERTY LOCATION AND DESCRIPTION	
Property Address or Location: (please see attached)	
PIN(s): (please see attached)	Size of Property (Acres/Sq. Ft.): 99.140 Acres
Current Use of Property: Single family residential and vacant	
Current Zoning Classification(s): (please see attached)	
Proposed Zoning Classification(s): Planned Development (PD)	

CERTIFICATION AND SIGNATURES	
Applications will not be accepted without signature of legal property owner or official agent.	
I certify that the information presented by me in this application and all accompanying documents are true and accurate to the best of my knowledge, information, and belief; and I acknowledge that the processing of this application may require additional town, county and/or state permits, approvals, and associated fees.	
Applicant Name: Capkov Ventures Inc.	Legal Property Owner Name: Capkov Ventures Inc.
Mailing Address: PO Box 16815	Mailing Address: PO Box 16815
City, State, ZIP Code: Chapel Hill, NC 27516	City, State, ZIP Code: Chapel Hill, NC 27516
Telephone: 919-260-7262	Telephone: 919-260-7262
Email: ericbchupp@bellsouth.net	Email: ericbchupp@bellsouth.net
Signature: Eric B Chupp	Signature:
Date: 1/15/24 For: Capkov Ventures Inc.	Date: 1/15/24



TOWN OF
HILLSBOROUGH

SUPPLEMENTAL FORM
Amendment to Official Zoning Map

Planning and Economic Development Division
101 E. Orange St., PO Box 429, Hillsborough, NC 27278
919-296-9477 | Fax: 919-644-2390
www.hillsboroughnc.gov

To the Hillsborough Board of Commissioners:

I, Eric Chupp, hereby petition the Board of Commissioners to change the zoning designation of the property described in the attached General Application Form
FROM R1, EDH-2, and Entranceway / Special Use TO Planned Development (PD).

FACTORS RELEVANT TO DECISION TO AMEND THE OFFICIAL ZONING MAP

The Hillsborough Unified Development Ordinance lists the following 10 general standards/findings of fact that the Board of Commissioners must weigh and consider before deciding to amend the official zoning map. Below or on a separate sheet, indicate the facts you intend to show and the arguments you intend to make to convince the Board of Commissioners that it can properly reach these 10 findings.

1. The extent to which the proposed amendment is consistent with all applicable Town adopted plans.

(please see attached)

2. The extent to which there are changed conditions that require an amendment.

(please see attached)

3. The extent to which the proposed amendment addresses a demonstrated community need.

(please see attached)

- 4. The extent to which the proposed amendment is compatible with existing and proposed uses surrounding the subject land and is the appropriate zoning district for the land.is consistent with the Hillsborough Comprehensive Plan.**

(please see attached)

- 5. The extent to which the proposed amendment would result in a logical and orderly development pattern or deviate from logical and orderly development patterns.**

(please see attached)

- 6. The extent to which the proposed amendment would encourage premature development.**

(please see attached)

- 7. The extent to which the proposed amendment would result in strip or ribbon commercial development.**

(please see attached)

- 8. The extent to which the proposed amendment would result in the creation of an isolated zoning district unrelated to or incompatible with adjacent and surrounding zoning districts.**

(please see attached)

9. The extent to which the proposed amendment would result in significant adverse impacts on the property values of surrounding lands.

(please see attached)

10. The extent to which the proposed amendment would result in significantly adverse environmental impacts, including but not limited to water, air, noise, stormwater management, wildlife, vegetation, wetlands, and the natural functioning of the environment.

(please see attached)

I certify that all the information presented by me in this application is accurate to the best of my knowledge, information, and belief.


Signature of Applicant

1/15/24

Date

*Eric Caplan Ventures
Inc.*

E:\PROJECTS\2020\2021\WATERSTONE SOUTH\TOWN DEVELOPMENT\05 COVER SHEET AND NOTES.DWG - JAH 2024-04-14 PM

Item 5A
Attachment 2

MASTER DEVELOPMENT PLAN
OF
WATERSTONE SOUTH

3411 NC 86 SOUTH
HILLSBOROUGH, NC

PIN: 9872490872, 9873504152, 9873502573,
9873510737, 9873416716, 9873415972,
9873425076, 9873425271, 9873422375, AND A
PORTION OF 9873410172

99.149 ACRES

APPLICANT:

CAPKOV VENTURES INC.
PO BOX 16815
CHAPEL HILL, NC 27516
919-260-7262
CONTACT: ERIC CHUPP
ERICBCHUPP@BELLSOUTH.NET

CONSULTANTS:

LANDSCAPE ARCHITECT / LAND PLANNER:
THOMAS & HUTTON
2510 MERIDIAN PARKWAY, SUITE 100
DURHAM, NC 27713
919-682-0368
CONTACT: DANIEL JEWELL, RLA
JEWELL.D@TANDH.COM

CIVIL ENGINEER:
THOMAS & HUTTON
2510 MERIDIAN PARKWAY, SUITE 100
DURHAM, NC 27713
919-682-0368
CONTACT: PRESTON ROYSTER, PE
ROYSTER.P@TANDH.COM

PREPARED FOR:
CAPKOV VENTURES
PO BOX 16815
CHAPEL HILL, NC 27516
919-260-7262
CONTACT: ERIC CHUPP
ERICBCHUPP@BELLSOUTH.NET

J-92037

PREPARED BY:



SUBMITTAL HISTORY	
MASTER DEVELOPMENT PLAN SUBMITTAL #3	05-08-24
MASTER DEVELOPMENT PLAN SUBMITTAL #2	03-18-24
MASTER DEVELOPMENT PLAN SUBMITTAL #1	01-22-24
SUBMITTED TO THE TOWN OF HILLSBOROUGH	DATE



VICINITY MAP
SCALE: 1" = 1000'

Sheet List Table

Sheet Number	Sheet Title
	COVER SHEET
MP0.1	SITE DATA
MP1.0	EXISTING CONDITIONS
MP1.1	MASTER DEVELOPMENT PLAN
MP1.2	PHASING PLAN
MP 1.3	UTILITY PLAN

APPROVAL STAMPS



\\P010001\2025\2025\INTERIOR\DWG\CAPKOV\DWG\REZONING\01 COVER SHEET AND NOTES.DWG - A.J.P. 2025 - 4:41 PM

SITE DATA

<u>TRACT 1</u>		<u>TRACT 6</u>	
ADDRESS:	None Listed	ADDRESS:	None Listed
OWNER(S):	Capkov Ventures Inc.	OWNER(S):	Capkov Ventures Inc.
PIN:	9872490872	PIN:	9873415972
SIZE (SF):	2,300,099	SIZE (SF):	174,806
SIZE (AC):	52.803	SIZE (AC):	4.013
DEED BK / PG:	6612 / 98	DEED BK / PG:	6728 / 908
PLAT BK / PG:	126 / 49 & 119 / 154-155	PLAT BK / PG:	1 / 3
EX. ZONING:	R1 / Rural Buffer (Orange County)	EX. ZONING:	EDH-2 (Orange County)
EXISTING USE:	Vacant	EXISTING USE:	Vacant
<u>TRACT 2</u>		<u>TRACT 7</u>	
ADDRESS:	None Listed	ADDRESS:	None Listed
OWNER(S):	Capkov Ventures Inc.	OWNER(S):	Capkov Ventures Inc.
PIN:	9873504152	PIN:	9873425076
SIZE (SF):	596,641	SIZE (SF):	173,369
SIZE (AC):	13.697	SIZE (AC):	3.98
DEED BK / PG:	6820 / 513	DEED BK / PG:	6728 / 908
PLAT BK / PG:	7 / 91	PLAT BK / PG:	1 / 3
EX. ZONING:	R1 (Orange County)	EX. ZONING:	EDH-2 (Orange County)
EXISTING USE:	Vacant	EXISTING USE:	Vacant
<u>TRACT 3</u>		<u>TRACT 8</u>	
(partial)		(partial)	
ADDRESS:	3411 NC 86 South	ADDRESS:	None Listed
OWNER(S):	Capkov Ventures Inc.	OWNER(S):	Capkov Ventures Inc.
PIN:	9873502573	PIN:	9873425271
SIZE (SF):	714,776	SIZE (SF):	193,886
SIZE (AC):	16.409 (overall)	SIZE (AC):	4.451
	14.409 (area to be rezoned)	DEED BK / PG:	6653 / 1382
DEED BK / PG:	6540 / 1	PLAT BK / PG:	1 / 3
PLAT BK / PG:	7 / 91	EX. ZONING:	EDH-2 (Orange County)
EX. ZONING:	R1 (Orange County)	EXISTING USE:	Vacant
EXISTING USE:	SF Residential	<u>TRACT 9</u>	
<u>TRACT 4</u>		ADDRESS: None Listed	
ADDRESS:	1622 Worth Street	OWNER(S):	Capkov Ventures Inc.
OWNER(S):	Capkov Ventures Inc.	PIN:	9873422375
PIN:	9873510737	SIZE (SF):	92,957
SIZE (SF):	40,032	SIZE (AC):	2.134
SIZE (AC):	0.919	DEED BK / PG:	6718 / 1700
DEED BK / PG:	6822 / 2314	PLAT BK / PG:	122 / 71
PLAT BK / PG:	36 / 51	EX. ZONING:	Entranceway / Special Use (Hillsborough)
EX. ZONING:	R1 (Orange County)	EXISTING USE:	Vacant
EXISTING USE:	SF Residential	<u>TRACT 10</u>	
<u>TRACT 5</u>		(partial)	
ADDRESS:	1606 Worth Street	ADDRESS:	114 Chandler Dale Street
OWNER(S):	Capkov Ventures Inc.	OWNER(S):	Woods Edge Properties LLC
PIN:	9873416716	PIN:	9873410172
SIZE (SF):	40,075	SIZE (SF):	2,104,514
SIZE (AC):	0.92	SIZE (AC):	48.313 (overall)
DEED BK / PG:	6728 / 231		1.823 (area to be rezoned)
PLAT BK / PG:	36 / 143	DEED BK / PG:	1852 / 224
EX. ZONING:	R1 (Orange County)	PLAT BK / PG:	119 / 154-155
EXISTING USE:	SF Residential	EX. ZONING:	R1
		EXISTING USE:	Trailer Park

Area to be Rezoned
Total SF = 4,318,930
Total AC = 99.149

ABBREVIATIONS

DBL	DOUBLE		FM	FORCE MAIN (SANITARY SEWER)		PC	POINT OF CURVE		TC	TOP OF CURB
BOT	BOTTOM		FP	FINISH PAD		PH	POST HYDRANT		TH	THROAT ELEVATION
CB	CATCH BASIN		FR	FRAME		PT	POINT OF TANGENT		TG	TOP OF GUTTER
CI	CURB INLET		GI	GRATE INLET		PVC	POLYVINYL CHLORIDE		TP	TOP OF PAVEMENT
CO	CLEAN OUT		GV	GATE VALVE		RCP	REINFORCED CONCRETE PIPE		TW	TOP OF WALK
CPP	CORRUGATED PLASTIC PIPE		HDPE	HIGH DENSITY POLYETHYLENE		RC	ROLL CURB INLET		TYP	TYPICAL
DBL	DOUBLE		HI	HOODED INLET		RCP	REINFORCED CONCRETE PIPE		VI	VALLEY INLET
DI	DITCH INLET		INV	INVERT ELEVATION		RI	ROOF INLET		W	WATER
DIP	DUCTILE IRON PIPE		JB	JUNCTION BOX		RJP	RESTRAINED JOINT PIPE		W/	WITH
EL	ELEVATION		LF	LINEAR FEET		R/W	RIGHT-OF-WAY		WV	WATER VALVE
ES	END SECTION		MAX	MAXIMUM		SD	STORM DRAINAGE		YI	YARD INLET
FES	FLARED END SECTION		MIN	MINIMUM		SDMH	STORM DRAINAGE MANHOLE		YI	YARD INLET
FG	FINISH GRADE		MH	MANHOLE		SF	SQUARE FEET			
FH	FIRE HYDRANT		OC	ON CENTER		SS	SANITARY SEWER			

LEGEND

Water Valve	⊗	Guy Wire	3
Yard Inlet	⊞	Light Pole	○LP
Curb Inlet/Catch Basin	⊞	Sewer Cleanout	○CO
Mail Box	MB	Flared End Section	⏏
Traffic Signal Box	TSB	Bollard	⊙
Electric Transformer	⊞	Gas Valve	⊗GV
Electric Junction Box	⊞	Existing Iron Pipe (3/4" unless noted)	○
Gas Meter	⊞	1/2" Rebar	●
Sanitary Sewer Manhole	⊞	1/2" Iron Pipe Set	○IPS
Storm Sewer Manhole	⊞	Existing PK Nail	●PK
Telephone Manhole	⊞	PK Nail Set	●PKS
Electric Manhole	⊞	Computed Point	△
Sign	⊞	Concrete Monument	⊞
Telephone Pedestal	⊞TEL	Tree Line	~~~~~
Fire Hydrant	●	Fence	=====
Fire Department Connection	⊞FDC	Underground Electric	---UE---
Post Indicator Valve	⊞V	Underground Telephone	---UT---
Water Manhole	⊞	Gas Line	---GAS---
Water Meter	⊞	Water Line	---W---
Hot Box	⊞	Overhead Utilities	---OU---
Utility Pole	⊞	Storm Sewer	---S---
FEMA ZONE AE--FLOODWAY	⊞	Sanitary Sewer	---SS---
		Adjacent Property Line	=====
		Wood Framed Dwelling	WFD
		FEMA ZONE AE	⊞
		FEMA ZONE X--FUTURE	⊞



2510 Meridian Parkway • Suite 100
Durham, NC 27713 • 919.682.0368
www.thomasandhutton.com

SITE DATA

WATERSTONE SOUTH

PROJECT LOCATION:
3411 NC 86 SOUTH
HILLSBOROUGH, NC

CLIENT/OWNER:

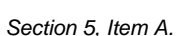
Capkov Ventures
PO Box 16815
Chapel Hill, NC 27516
919-260-7262
Contact: Eric Chupp
ericchupp@bellsouth.net

DATUM: HORZ.: NAD 83

VERT.: NAVD 88

JOB NO:	92037
DATE:	01/17/24
DRAWN:	DAJ, MTC
DESIGNED:	
REVIEWED:	DAJ
APPROVED:	
SCALE:	

MPO.1



LINE TABLE		
LINE	DISTANCE	BEARING
L37	44.59'	N77°03'15"E
L38	42.52'	N69°17'26"E
L39	31.88'	N48°34'08"E
L40	73.07'	S63°48'18"E
L41	302.17'	N90°00'00"E
L42	184.24'	N61°54'05"E
L43	86.76'	S71°37'17"E
L44	174.79'	N00°16'18"E
L45	138.91'	N01°11'36"E
L46	217.33'	S85°58'04"W
L47	186.96'	N01°09'34"W
L48	210.98'	S87°21'19"W
L49	192.08'	S01°09'57"E
L50	205.70'	S85°58'04"W
L51	197.87'	N01°14'22"W

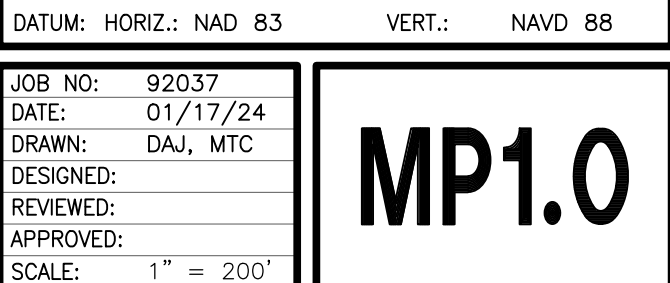
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THOMAS
&
HUTTON

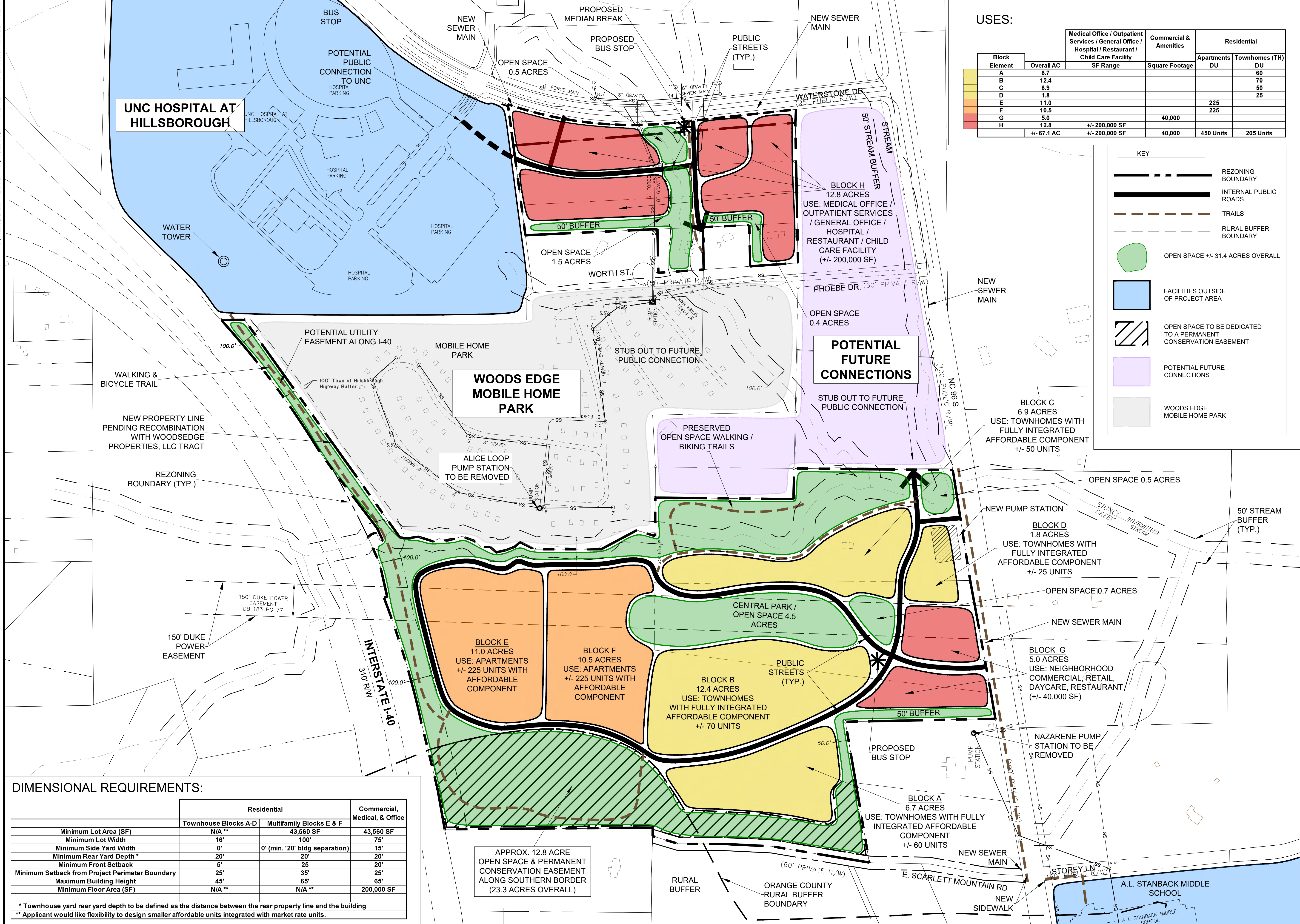
EXISTING CONDITIONS

WATERSTONE SOUTH

CLIENT/OWNER:
Capkov Ventures
PO Box 16815
Chapel Hill, NC 27515
919-260-7262
Contact: Eric Chupp
ericbchupp@bellsouth.net



S:\PROJECTS\2020\2027 WATERSTONE CARPENTRY\REZONING\1.1 CONCEPT PLAN WITH CONNECTIONS.DWG - JUL 9, 2024 - 4:53 PM



USES:

Block Element	Overall AC	Medical Office / Outpatient Services / General Office / Hospital / Restaurant / Child Care Facility SF Range	Commercial & Amenities Square Footage	Residential	
				Apartments DU	Townhomes (TH) DU
A	6.7				60
B	12.4				70
C	6.9				50
D	1.8				25
E	11.0			225	
F	10.5			225	
G	5.0		40,000		
H	12.8	+/- 200,000 SF	40,000	450 Units	205 Units
	+/- 67.1 AC	+/- 200,000 SF			

KEY

- REZONING BOUNDARY
- INTERNAL PUBLIC ROADS
- TRAILS
- RURAL BUFFER BOUNDARY
- OPEN SPACE +/- 31.4 ACRES OVERALL
- FACILITIES OUTSIDE OF PROJECT AREA
- OPEN SPACE TO BE DEDICATED TO A PERMANENT CONSERVATION EASEMENT
- POTENTIAL FUTURE CONNECTIONS
- WOODS EDGE MOBILE HOME PARK

DIMENSIONAL REQUIREMENTS:

	Residential		Commercial, Medical, & Office
	Townhouse Blocks A-D	Multifamily Blocks E & F	
Minimum Lot Area (SF)	N/A **	43,560 SF	43,560 SF
Minimum Lot Width	16'	100'	75'
Minimum Side Yard Width	0'	0' (min. '20' bldg separation)	15'
Minimum Rear Yard Depth *	20'	20'	20'
Minimum Front Setback	5'	25'	20'
Minimum Setback from Project Perimeter Boundary	25'	35'	25'
Maximum Building Height	45'	65'	65'
Minimum Floor Area (SF)	N/A **	N/A **	200,000 SF

* Townhouse yard rear yard depth to be defined as the distance between the rear property line and the building
** Applicant would like flexibility to design smaller affordable units integrated with market rate units.

PRELIMINARY
NOT FOR
CONSTRUCTION



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Durham, NC 27713 • 919.682.0368
www.thomasandhutton.com

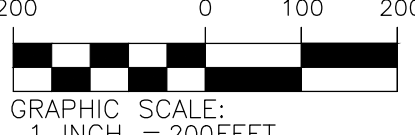
MASTER DEVELOPMENT
PLAN WITH CONNECTIONS

WATERSTONE SOUTH

PROJECT LOCATION:
3411 NC 86 SOUTH
HILLSBOROUGH, NC

CLIENT/OWNER:

Capkov Ventures
PO Box 16815
Chapel Hill, NC 27516
919-260-7262
Contact: Eric Chupp
ericchupp@bellsouth.net



DATUM: HORIZ.: NAD 83 VERT.: NAVD 88

JOB NO.: 92037
DATE: 01/17/24
DRAWN:
DESIGNED:
REVIEWED:
APPROVED:
SCALE: 1" = 200'

MP1.1

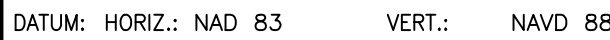
PRELIMINARY
NOT FOR
CONSTRUCTION



WATERSTONE SOUTH

PROJECT LOCATION:
3411 NC 86 SOUTH
HILLSBOROUGH, NC

Capkov Ventures
PO Box 16815
Chapel Hill, NC 27516
919-260-7262
Contact: Eric Chupp
ericbchupp@bellsouth.net



JOB NO:	92037
DATE:	01/17/20
DRAWN:	
DESIGNED:	
REVIEWED:	
APPROVED:	
SCALE:	1" = 20'

MP1.2

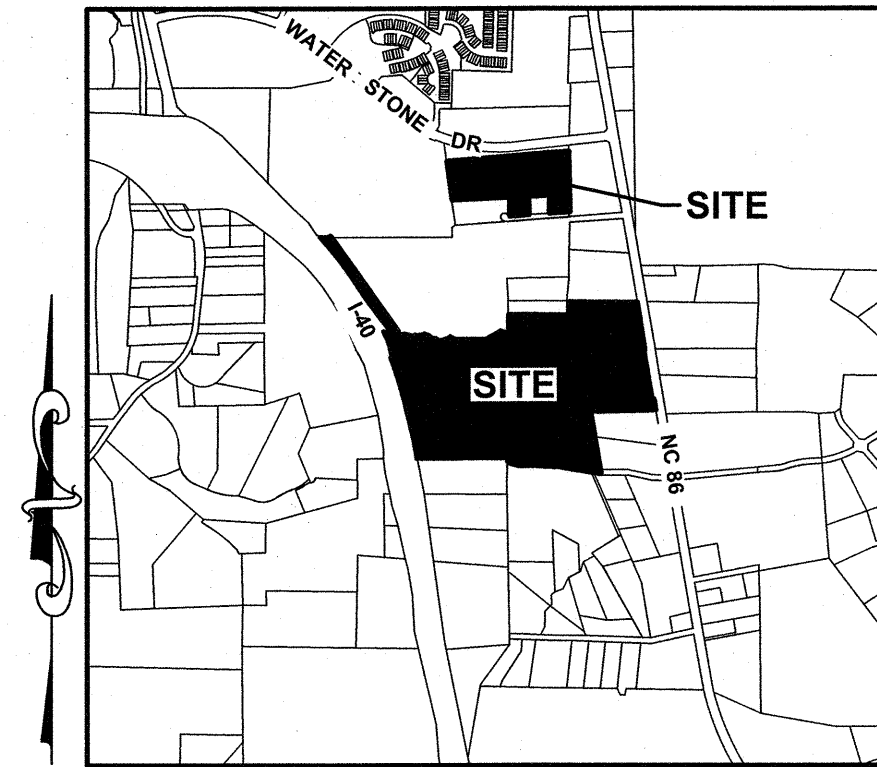
Item 5A
Attachment 3

CURVE TABLE					
NO.	DELTA	RADIUS	LENGTH	CHORD BEARING	CHORD DIST.
C1	008°37'17"	3952.94'	594.80'	N16°38'15"W	594.24'
C2	001°52'34"	3994.72'	130.80'	N24°03'34"W	130.79'
C3	010°45'26"	3984.72'	748.12'	N36°44'37"W	747.03'

LINE TABLE		
LINE	DISTANCE	BEARING
L1	118.52'	S09°40'00"E
L2	222.63'	N87°17'53"W
L3	199.58'	N89°46'53"W
L4	121.53'	N73°28'04"W
L5	36.71'	N00°28'17"E
L6	185.45'	N10°05'55"W
L7	15.10'	N70°03'27"E
L8	154.12'	N12°43'48"W
L9	19.81'	N51°53'36"E
L10	14.85'	N65°44'56"E
L11	10.37'	N87°59'35"E
L12	13.55'	S21°18'06"E
L13	14.94'	S10°49'00"E
L14	16.24'	S60°12'19"E
L15	5.02'	N83°11'17"E
L16	6.91'	N09°42'11"W
L17	53.01'	N24°51'58"W
L18	329.50'	N37°12'08"W

LINE TABLE		
LINE	DISTANCE	BEARING
L19	104.78'	N36°05'34"W
L20	106.08'	S89°58'08"E
L21	15.47'	S79°54'09"E
L22	27.59'	S87°24'39"E
L23	22.76'	N78°38'06"E
L24	19.35'	N84°18'24"E
L25	70.41'	S72°25'59"E
L26	13.58'	N69°27'22"E
L27	16.05'	N55°59'25"E
L28	11.36'	S64°00'12"E
L29	28.61'	S80°43'27"E
L30	7.81'	N58°34'08"E
L31	27.81'	N82°04'36"E
L32	31.39'	N69°02'05"E
L33	57.04'	S70°48'35"E
L34	45.06'	S49°54'40"E
L35	41.22'	S89°28'32"E
L36	36.86'	S48°46'48"E

LINE TABLE		
LINE	DISTANCE	BEARING
L37	44.59'	N77°03'15"E
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L39	31.88'	N48°34'08"E
L40	73.07'	S63°48'18"E
L41	302.17'	N90°00'00"E
L42	184.24'	N61°54'05"E
L43	86.76'	S71°37'17"E
L44	174.79'	N00°16'18"E
L45	138.91'	N01°11'36"E
L46	217.33'	S85°58'04"W
L47	186.96'	N01°09'34"W
L48	210.98'	S87°21'19"W
L49	192.08'	S01°09'57"E
L50	205.70'	S85°58'04"W
L51	197.87'	N01°14'22"W



FLOOD NOTE

By graphic plotting only this property is located in Zone "X" (Areas determined to be outside of the 500-year flood plain) by the Federal Emergency Agency on Flood Insurance Rate Map, Community Panel No. 3710987300, with an effective date of February 2, 2007, in Orange County, North Carolina, and Community Panel No. 3710987200, with an effective date of November 17, 2017, in Orange County, North Carolina. No field surveying was performed to determine this zone and an elevation certificate may be needed to verify this determination or apply for a variance from the Federal Emergency Management Agency.

NOTES

- Areas calculated by coordinate geometry.
- All distances are horizontal ground distances.
- Basis of Bearing NC GRID 1983 (2011 Adjustment) Horizontal Datum.
- No published horizontal control monuments found within 2000 feet of site.
- Boundary information shown hereon was prepared from an actual field survey and from existing records as referenced hereon.
- These Parcels may be subject to easements or rights of others that have not been disclosed on this plat.
- All above ground and subsurface improvements are not necessarily shown hereon.
- Coordinates shown on this plat were derived by Real Time Network (RTN) Global Positioning System (GPS). This results in NAD 1983, 2011 Adjustment (CORS 96) and North American Vertical Datum of 1988 (NAVD 88) elevations using the continually operating reference stations (CORS) maintained by the North Carolina Geodetic Survey, Class A Survey, 0.033 feet positional accuracy, VRS Field Procedure, Geoid 12A.

SURVEY CERTIFICATION

I, James D. Whitacre, a surveyor licensed under the provisions of Chapter 89C of the North Carolina General Statutes, do hereby certify that this Plat was drawn under my supervision from an actual survey made under my supervision from references as noted on said plat. That the ratio of precision as calculated from coordinates is 1/10,000, that the boundaries not surveyed are shown as broken lines plotted from cited references, and that this plat was prepared in accordance with G.S. 47-30 f(1)(c) as amended.

I further certify that this survey is of another category, such as the recombination of existing parcels, a court-ordered survey, or other exception to the definition of subdivision.

Witness my hand and official seal this 2nd day of July, 2024.

Professional Surveyor L-5273

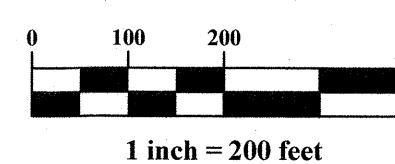
REFERENCES:

- D.B. 1852, Pg. 0224
- D.B. 0183, Pg. 0011
- D.B. 6540, Pg. 0001
- D.B. 6653, Pg. 1382
- D.B. 6718, Pg. 1700
- D.B. 6728, Pg. 0231
- D.B. 6728, Pg. 0908
- D.B. 6812, Pg. 0098
- D.B. 6800, Pg. 0513
- D.B. 6822, Pg. 2314
- P.B. 0056, Pg. 0011
- P.B. 0122, Pg. 0071
- P.B. 0126, Pg. 0049

LEGEND

- Iron Pin Found
- Calculated Point
- Iron Pin Set
- PK Nail Found
- Concrete Monument
- Existing Property Line
- Existing Town Limit
- New Town Limit

GRAPHIC SCALE



CONTIGUOUS ANNEXATION MAP
FOR
TOWN OF HILLSBOROUGH

HILLSBOROUGH TOWNSHIP - CHAPEL HILL TOWNSHIP
ORANGE COUNTY, NORTH CAROLINA

PLAN PREPARED BY:

51 Kilmayne Drive
Suite 102
Cary, North Carolina 27511
Ph 919.481.6290
Fax 919.336.5127
Firm License # C-2798

DATE: 07/03/2024 SHEET 1 / 1



Master Development Plan Summary and Narratives

1. General Description of the Proposed Development.

The proposed mixed-use development Waterstone South encompasses roughly 100 acres (99.14) and includes 450 apartment homes, 205 townhomes, 200,000 square feet of medical outpatient services and medical office, and 40,000 square foot of neighborhood commercial. The development as proposed is to be built in three phases over the next seven or eight years. The northern portion of the proposed mixed-use community sits immediately adjacent to UNC Hospital campus along Waterstone Drive. The property extends southward from Waterstone Drive to East Scarlett Mountain Road. The property is bounded by I-40 to the west, Highway 86 to the east, and Waterstone Drive serves as its northern boundary. The general site plan calls for medical office and outpatient services immediately adjacent to UNC Hospital, and residential uses on the southern portion of the site. We have then added 40,000 square feet of neighborhood oriented commercial to the primarily residential portion of the site for uses such as restaurants, coffee shops, and day care centers. These uses will serve the neighborhood as well as the larger Hillsborough community. The residential component is comprised of townhomes and apartments intended to serve working middle income families. The apartments will be located on the southwestern portion of the site along I-40, while the townhomes will be on the southeastern portion of the site closer to Highway 86. There are notably no single-family lots proposed as we are opting exclusively for the more affordably priced housing that Hillsborough needs. The applicant is proposing that 15% of the market rate units be priced at an average of 80% of the median income. This is inclusive of both the apartments and the townhomes. Neighborhood oriented commercial will be located at the entrance to the residential portion of the community along Highway 86. Over one-third of the site (37.8 acres) is being proposed as open space, including a hundred-foot buffer along the entire southern property line on the north side of East Scarlett Mountain Road. Public walking trails will lead from the site to UNC Hospital and the Waterstone community and will be an integral part of the community's overall connectivity. The applicant is proposing an unprecedented level of investment in public utilities in the form of upgrading Hillsborough's existing infrastructure, extending new gravity sewer lines, and eliminating outdated pump stations.

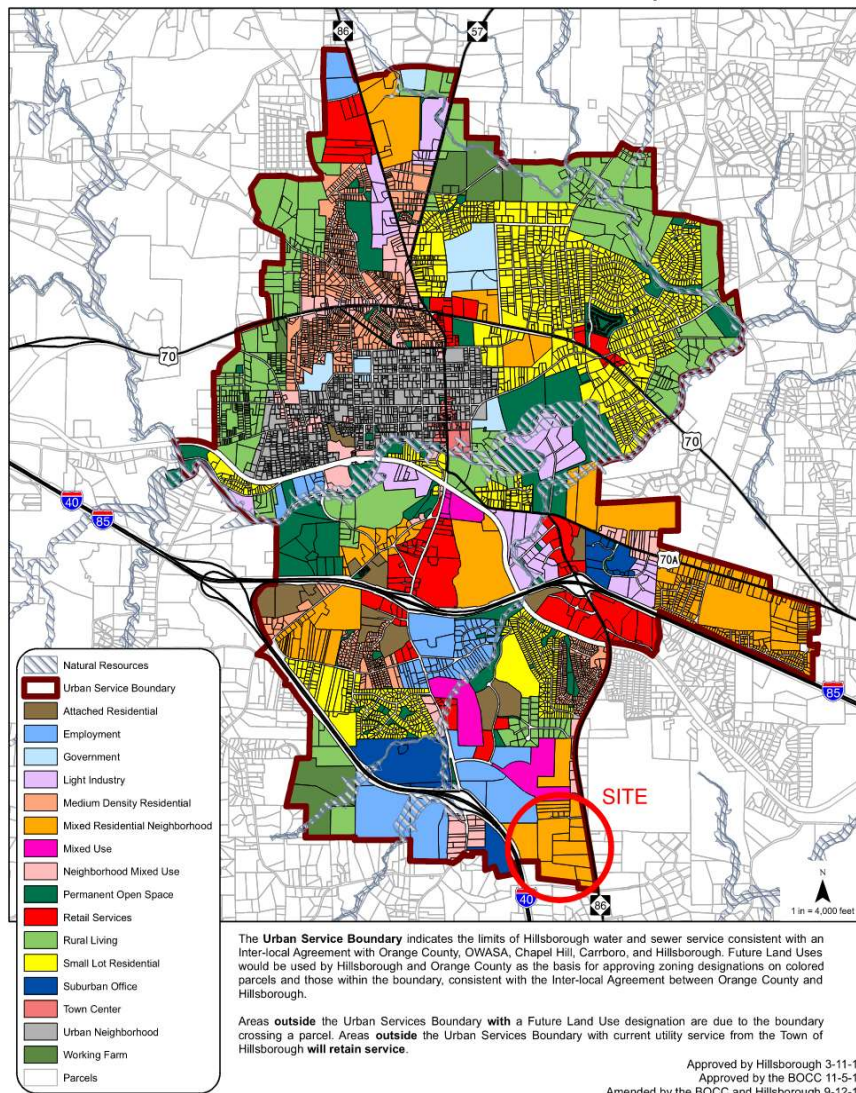
2. Planning Objectives and Character of the Development to be Achieved.

Waterstone South has been designed to be aligned with and promote the planning objectives and the character of the Town of Hillsborough. The next section of this Master Plan Development Summary will elaborate on how the design of Waterstone South conforms to the principles of the newly approved Hillsborough Comprehensive Sustainability Plan, but I will touch on some of the more general ways the design aligns with Hillsborough's planning objectives and character.

- A. The Waterstone South site area is shown on the Town of Hillsborough/Orange County Central Orange Coordinated Land Use Plan (see exhibit A) as "Mixed Residential Neighborhood" which is exactly what we are proposing.

Exhibit A

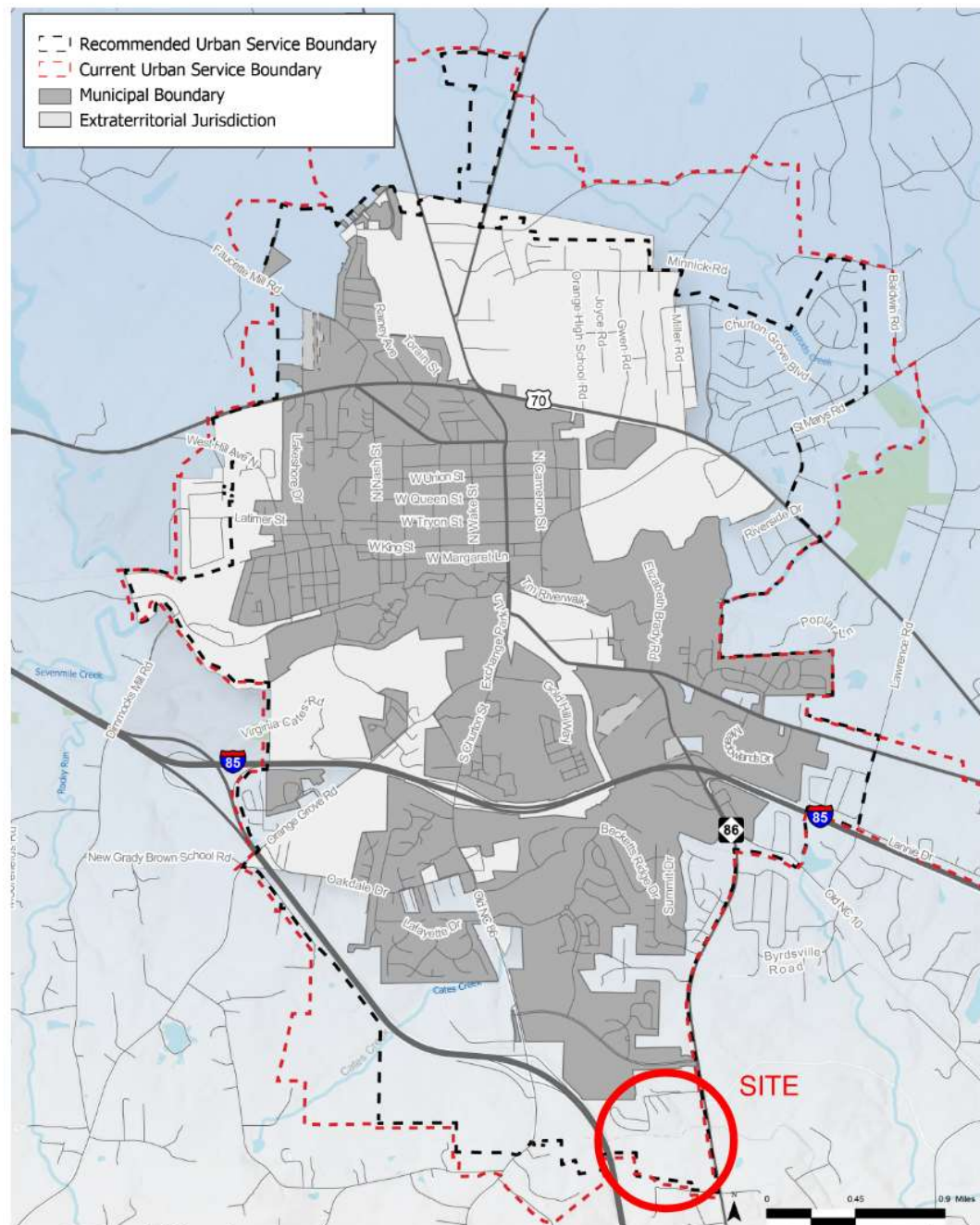
Town of Hillsborough/Orange County Central Orange Coordinated Area Land use Plan
Areas Within the Town's Urban Service Boundary



- B. The Waterstone South site area is within the Recommended Urban Services Boundary even in the recently reduced form (see exhibit B). (Page 4.12 Comprehensive and Sustainability Plan 2030).

Exhibit B

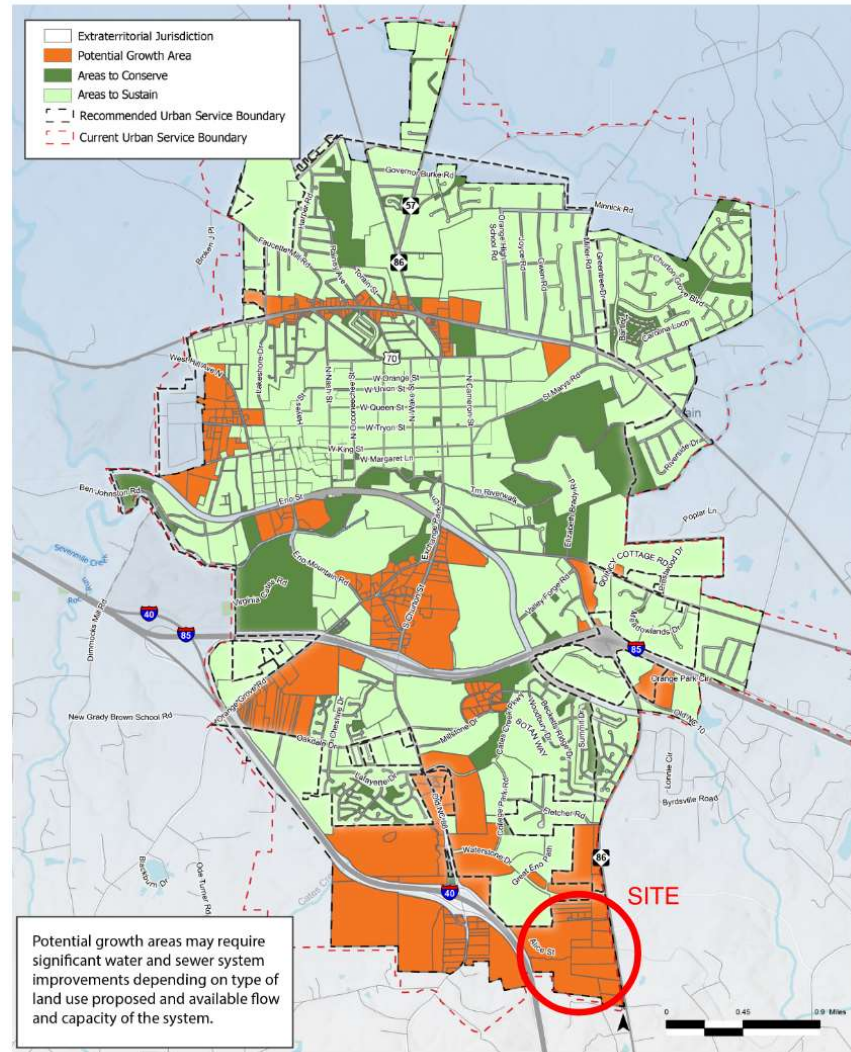
Figure 4.1. Urban Service Boundary



- C. The Waterstone South site area is shown on figure 4.4 of the newly adopted Comprehensive and Sustainability Plan as a “Potential Future Growth Area” (see exhibit C). (Page 4-23 Comprehensive and Sustainability Plan 2030).

Exhibit C

Figure 4.4. Potential Growth Areas



Source: The Town of Hillsborough

- E. Waterstone South is a true mixed-use community. The recently completed Fiscal Benefits and Economic Impacts analysis completed by DPFG shows that 41% of the tax base for the proposed community will come from commercial uses. By comparison the commercial portion of the total tax base in Orange County is only 20%, and for Hillsborough only 32% of the total tax base is commercial. Waterstone South will help Hillsborough increase its commercial tax base relative to its residential tax base. The Comprehensive and Sustainability Plan recognizes that “Hillsborough’s largest industry is healthcare and social services with the UNC Hospitals Hillsborough Campus as the largest employer in this sector.” (Page 9-5 Comprehensive and Sustainability Plan 2030). The proposed mixed-use community is immediately adjacent to the UNC Hospitals Campus and is offering Medical Office and Outpatient Services to support the hospital’s future and current needs.
- F. Waterstone South is offering an unprecedented level of affordable housing. The applicant is making a commitment to make 15% of the market rate homes affordable to those making an average of 80% of the median income. This will apply to both the apartments and the townhomes, resulting in 58 affordable apartments and 27 new affordable townhomes. Affordable townhomes will be integrated within the market rate homes. There will be no discernable difference between the market rate homes and the affordable homes.
- G. The proposed Waterstone South mixed-use community is located in the Elizabeth Brady sewer basin which has a significantly newer and better designed public sewer system than the River Basin. Not only is there less infiltration from outside sources, but there is also greater potential for adding capacity. The planning for Waterstone South has taken into account that upgrades to the existing system will be needed and older outdated pump stations will need to be replaced. The applicant is proposing a contribution of 8 million dollars in needed sewer improvement for the Town of Hillsborough’s system. Of the 8 million dollars 3.3 million would be in direct construction (including upgrading the Elizabeth Brady Pump Station, eliminating the Alice Loop Pump Station, and replacing the Nazarene Pump Station), and 4.7 million dollars would be in accelerated access fees. The applicant is also proposing to phase the residential portion of the development into three phases to allow capacity upgrades to be made without overtaxing the system.
- 3. A statement explaining how the development complies with the policies & objectives of the comprehensive plan.**

In June of 2023 the Town of Hillsborough adopted a new Comprehensive Plan entitled “Town of Hillsborough Comprehensive Sustainability Plan (2030)”. The proposed mixed-use community and associated annexation are consistent with this comprehensive plan in virtually every respect.

1. Land Use and Development. This section of the comprehensive plan applies most directly to this proposed mixed-use development.
 - a. The Comprehensive and Sustainability Plan page 4-5 states that Hillsborough “seeks development patterns that create more compact and walkable spaces with a mix of uses”. Page 4-8 speaks to the southern area of Town holding opportunities for growth in the form of “compact, mixed use, and transit-oriented development”. Waterstone South is being proposed in the southern portion of Hillsborough and provides compact development, a mix of uses, and mass transit opportunities.
 - b. The comprehensive plan contemplates contracting the Urban Services Boundary away from areas that are less practical to provide sewer services, or the Town wants to otherwise discourage development. The proposed mixed-use community remains within the primary service area whether the area is contracted or not (see attached exhibit B). (Page 4-12 Comprehensive and Sustainability Plan 2030).
 - c. The comprehensive plan speaks of the Town’s limited, and some areas constrained sewer capacity. It is pointed out that the “Elizabeth Brady Basin is newer and has more capacity”. (Page 4-14 Comprehensive and Sustainability Plan 2030). This proposed mixed-use community is in the Elizabeth Brady Basin.
 - d. The comprehensive plan points out that a significant problem with the existing sewer system is that there are too many pump stations, and many of them are substandard and ageing. The proposed mixed-use community eliminates two ageing substandard pump stations and constructs one new station built to modern standards with excess capacity for the future. (Pages 4-15, and 4-16 Comprehensive and Sustainability Plan 2030).
 - e. The comprehensive plan page 4-16 points out that “Planned growth is a driver for sewer improvements in the newer Elizabeth Brady Pumping Station Sewer Basin. Significant investment will be needed to prepare for future needs and growth”. The proposed mixed-use community is proposing a contribution of 8 million dollars in needed sewer improvement for the Town of Hillsborough’s system. Of the 8 million dollars 3.3 million would be in direct construction (including upgrading the Elizabeth Brady Pump Station, eliminating the Alice Loop Pump Station, and replacing the Nazarene Pump Station), and 4.7 million dollars would be in accelerated access fees that would be paid upon approval of each of the 3 phases. This is a very large contribution to the public infrastructure. Hillsborough has not seen this level of commitment in the past. However, the comprehensive plan specifically suggests this type of cost

sharing arrangement with developers. (Page 4-25 Comprehensive and Sustainability Plan 2030).

- f. In the conclusion of the Comprehensive Report's section on Land Use and Development, page 4-22 states that, "Based on the water and sewer capacity constraints, growth should be focused on the southern part of Town in the Elizabeth Brady Basin. This area is ripe for additional compact and mixed-use development.....". As demonstrated in the Growth Areas Map (Figure 4.4), most growth is anticipated in the southern portion of town (within the Elizabeth Brdy Basin). "The town plans, regulations and ordinances should be revised to direct this growth to accomplish the goals of this plan.". This is exactly what the proposed mixed-use community has designed in both location and the type of development. I have attached figure 4.4 Potential Growth Areas Map as exhibit C. (Page 4-23 Comprehensive and Sustainability Plan 2030).
2. Transportation and Connectivity. The comprehensive plan on Page 6-4 states that "The town relies on this regional transportation network, along with local roads, and bicycle and pedestrian facilities, for its economic vitality and social and resource connections". Greenway trails and pedestrian networks are important to the future of the town as are mass transit opportunities. The proposed mixed -use community's' location could not be better. It is in the southern part of town adjacent to 1-40, and Highway 86 (new), with I-85 to the north and Highway 86 (old) to the west. Access to all these major transportation routes can be made without going through downtown Hillsborough. The mixed-use master plan calls for an extensive internal pedestrian trail system with multiple connections both current and future to Waterstone Drive, which then provide links to other areas of Hillsborough. We have also proposed a public sidewalk on both sides of all new public streets. This type of connectivity is essential.
3. Economic Development and Tourism. The comprehensive plan states that "The town understands the importance of continued growth and support to existing businesses.". (Page 9-4 Comprehensive and Sustainability Plan 2030). And it also recognizes that "Hillsborough's largest industry is healthcare and social services with the UNC Hospitals Hillsborough Campus as the largest employer in this sector.". (Page 9-5 Comprehensive and Sustainability Plan 2030). The proposed mixed-use community is immediately adjacent to the UNC Hospitals Campus and is offering Medical Office and Outpatient Services to support the hospital's future and current needs. We are also offering middle-income housing designed with hospital workers in mind. The residential component of this mixed-use neighborhood provides a realistic opportunity for the employees at Hillsborough's largest employer to walk to work. The proposed Medical Office and Outpatient Services is located in Hillsborough's **Economic Development District** (see

figure 9.3). (Page 9-8 Comprehensive and Sustainability Plan 2030). As mentioned earlier the proposed mixed-use community has a commercial tax base of 41% which is double the proportion of commercial tax base in Orange County and much higher than the proportion of commercial tax base in Hillsborough.

4. Housing and Affordability. There are several very important sections from the comprehensive plan that warrant inclusion in the discussion of consistency with the proposed mixed-use community. Directly from the comprehensive plan.

- a. “During the development process for this plan “addressing affordability and cost of living” was noted as one of the most important sustainability issues facing the town. Page 8-4 Comprehensive and Sustainability Plan 2030).

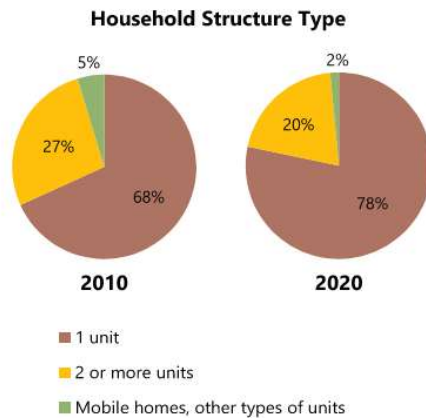
“The affordability of housing in a market function on a supply and demand model. The prices of housing units will be higher the lower the supply is in an area. Further, high housing costs have the unintended consequence of promoting sprawl, as households seek more affordable options away from densely populated areas with access to services. This generates adverse social and environmental effects, such as development of natural areas, increases in service rates (such as water and sewer), and higher emissions from longer commutes”. (Page 8-4 Comprehensive and Sustainability Plan 2030).

“A mixture of housing types helps neighborhoods be more sustainable and stable. Approaching housing with a smart growth lens curbs sprawl and reduces environmental impacts by building compactly, promoting a mix of uses....”. (Page 8-3 Comprehensive and Sustainability Plan 2030).

“Missing middle housing refers to building types that provide denser housing options, such as duplexes, fourplexes, cottage courts, and courtyard buildings. These housing types have the capacity to better support transit and economic mobility of residents without the cost and maintenance burden of a detached single-family home”. (page 8-4 Comprehensive and Sustainability Plan 2030).

In addition, between 2010 – 2020 the percentage of single-family homes has risen from 68% to 78% of Hillsborough’s total housing stocks (see Housing Structure Type in Hillsborough, Figure 8.4) Exhibit K. (Page 8-8 Comprehensive and Sustainability Plan 2030).

Figure 8.4. Household Structure Type in Hillsborough (2020 and 2010)



Source: U.S. Census, American Community Survey 5-Year Estimates

The proposed mixed-use development seeks to address the missing middle, and workforce housing by following the guidance laid out above from the comprehensive plan by providing townhomes and apartments and no single-family homes. We have chosen the more compact, denser design, that is more affordable and more sustainable. Our plan also addresses affordability by integrating 15% of affordable homes throughout the townhomes which will be affordable to those earning 80% or less of the median income. We will also commit to 15% of the entire residential portion of the project to be affordable. We are committed to working with the Hillsborough Commissioners to come up with the best plan for providing affordability within the apartments.

4. Definitions of the land-use designations, including density ranges & product types for residential development shown on the master development plan graphics

General Office/Medical Office/ Outpatient Services/ Hospital – Up to 65’ office buildings intended for medical office and general office uses. The buildings may also contain small accessory support uses such as a coffee shop or similar. This land use will include surface parking to support the buildings.

Apartments - 3 or 4 story buildings containing rental residential units in a mix of 1-, 2-, and 3-bedroom units with surface parking per UDO requirements.

Townhomes - 2 and 3 story buildings comprising 3-8 residential units’ side by side or stacked, for sale and/or rental. Parking will meet UDO requirements.

Neighborhood commercial - 1 or 2 story buildings for neighborhood support services such as Day Care, restaurant, small shops, and professional offices. Surface parking per UDO requirements

Open space - A combination of natural as well as improved open space areas including preservation, passive, and active recreation. These areas are comprised of stream buffers and steep slopes, open fields interior to the neighborhood, and accessible playgrounds (at least 2).

5. A table setting the minimum & maximum total dwelling units & nonresidential square footage; the minimum acreage for common open space, natural resource areas, public uses & any other planned uses

General Office/Medical Office/ Outpatient Services/ Hospital

Acreage: ~ 12.8 AC

Square footage: +/- 200,000 SF

Apartments

Acreage ~ 21.5 AC

Density per acre of these 2 blocks: 20-22 Units per Acre

Units in each block: +/- 225 units

Townhomes –

Acreage ~ 27.8 AC

Acreage of each block: Block A = ~ 6.7 AC, Block B = ~ 12.4 AC, Block C = ~ 6.9 AC, Block D = ~ 1.8 AC

Density per acre of each block: 5 to 14 units per acre

Units in each block: 25-70 units

Neighborhood commercial -

Acreage of block: ~ 5.0 AC

Square footage: +/- 40,000 SF

Open space - A combination of natural as well as improved open space areas including preservation, passive, and active recreation. These areas are comprised of stream buffers and steep slopes, open fields interior to the neighborhood, and accessible playgrounds (at least 2).

Total acreage of these areas: +/- 32 AC

6. Description of residential & mixed-use neighborhoods; commercial, office, & research & development-uses, common open omits space & natural resource areas; public buildings, schools, & other public uses; & any other proposed uses,

General Office/Medical Office/ Outpatient Services/ Hospital – Up to 65’ office buildings intended for medical office and general office uses. The buildings may also contain small accessory support uses such as a coffee shop or similar. This land use will include surface parking to support the buildings. Blocks H and I.

Apartments - 3 or 4 story buildings containing rental residential units in a mix of 1-, 2- and 3-bedroom units with surface parking per UDO requirements. Blocks E and F.

Townhomes - 2 and 3 story buildings comprising 3-8 residential units’ side by side or stacked, for sale and/or rental. Parking will meet UDO requirements. Blocks A, B, C, and D.

Neighborhood commercial - 1 or 2 story buildings for neighborhood support services such as Day Care, restaurant, small shops, and professional offices. Surface parking per UDO. Block G.

Open space - A combination of natural as well as improved open space areas including preservation, passive, and active recreation. These areas are comprised of stream buffers and steep slopes, open fields interior to the neighborhood, and accessible playgrounds (at least 2).

7. If the development is to be built in phases, a development schedule indicating:

- **The approximate date when construction of the project can be expected to begin.**
- **The stages in which the project will be built and the approximate date when construction of each stage can be expected to begin.**
- **The anticipated rate of development.**
- **The approximate date when the development of each of the stages will be completed.**
- **The area and location of open space, community and public facilities, and preserved floodplains, wetlands, and other natural resource areas that will be provided at each stage.**

The proposed Waterstone South community has been designed to be developed in three phases. The three phases primarily pertain to the residential component of the development and not the commercial components. The applicant recognizes the sewer capacity constraints that Hillsborough is currently experiencing and has proposed roughly 8 million dollars in accelerated system development fees, and direct improvements to improve capacity for the Waterstone South community and future development in the southern portion of Hillsborough. Because the residential component of Waterstone South is the primary consumer of sewer capacity, the residential component of the proposed mixed-use community is being proposed as phased development. The residential component has been divided into three phases to allow the necessary time for the proposed sewer improvements to be made in a logical and orderly manner. The commercial component of the community located along Waterstone Drive has been designed to encourage medical outpatient services and medical office to facilitate the growing medical complex anchored by UNC Health. We don't believe phasing of the medical uses is advisable as it will be developed as the UNC Health facility grows and the demand for the medical outpatient services and offices grow along with it. This is anticipated to occur over a 10-year time frame. Similarly, the neighborhood commercial along Highway 86 South at the entrance to the residential portion of the community will grow as the residential component of the community grows and the health care related jobs base expands. Uses such as day care facilities, coffee shops and restaurants, are anticipated in this neighborhood commercial area.

The phasing of the residential portion of the Waterstone South community shall occur starting at the front of the residential portion of the community along Highway 86 South and proceed westward towards I-40. As such, the townhomes and the neighborhood commercial will be constructed before the two phases of multi-family.

The three phases shall be structured as follows.

PHASE I: Phase I shall include 205 townhomes and approximately 10,000 square feet of the neighborhood commercial. Infrastructure development shall conclude and building construction to start in June 2026 with the first townhomes being completed in January 2027. Phase I should be completed by January 2030. No sewer would be needed before January of 2027 and gradually added through 2030.

PHASE II: 225 apartments and approximately 10,000 square feet of neighborhood commercial. Infrastructure development shall conclude and building construction to start in January of 2028 with the first apartment being completed in January 2029. Phase II should be completed by January 2030. No sewer would be needed before January of 2029 and gradually added through 2030.

PHASE III: 225 apartments and approximately 20,000 square feet of neighborhood commercial. Infrastructure development shall conclude and building construction to start in January 2029 with the first apartment being completed in January of 2030. Phase III should be completed by January 2031. No sewer would be needed before January 2030 and gradually added through 2031.

As intended the sewer usage allows a substantial amount of time for the necessary improvements to be completed with the initial usage not starting for three and a half years while the infrastructure and building occurs and increasing gradually over the next seven years. We think this is a well thought out phasing plan that allows for a logical growth pattern to be aligned with increases in sewer capacity.



Waterstone South

10 Factors Relevant to Decision to Amend the Official Zoning Map

1. The extent to which the proposed amendment is consistent with all applicable Town Adopted Plans

There are several adopted plans that stipulate policy and guidance on new land use for the subject properties. These include.

The *Town of Hillsborough Potential Growth Areas Map* identifies the area where the site is located as a “Potential Growth Area”. Figure 4.4, page 4-23 Comprehensive and Sustainability Plan 2030.

The Town of Hillsborough/ Orange County Coordinated Area Land Use Plan for Areas Within the Urban Services Boundary calls for Mixed Use land use along Waterstone Drive and mixed residential neighborhood for the rest of the property. Our proposal is for a mix of retail and office-type uses along Waterstone Drive, and Mixed Residential for the remainder of the property, exactly as called for in the plan.

The *Hillsborough Urban Services Boundary Map* shows all of the subject properties (except for the small portion in the Rural Buffer) within the Town water/sewer service agreement area, thus supporting our request to extend water and sewer service from the Town system.

The Town of Hillsborough Comprehensive Sustainability Plan addresses specific goals that are actionable with our proposal relative to Land Use and Development, Transportation and Connectivity, Social Systems and Public Spaces, Housing and Affordability, and Economic Development, Climate and Energy.

The Land Use and Development component of this plan reinforces the established urban growth limits of the Town, the need to expand and enhance the public utility infrastructure, and incorporation of pedestrian oriented smart growth principles in new development. Our proposal is within that identified town growth boundary, and we are offering to provide direct construction and financial assistance to the Town to enhance the capabilities of the public water and sewer infrastructure, as well as build incrementally over time to allow those enhancements to become operational before adding customers that could strain that system. The proposed development as envisioned will be a walkable mixed-use community with townhomes, multifamily residential, retail, office and civic spaces. The commitment to not have single family homes will result in a

development pattern that will require less infrastructure per residential unit, and allow residents to live, work and shop within an easy bike ride or walk. Similarly, the proximity to UNC Hospital and Durham Tech will further expand those live/work opportunities without requiring the use of a car.

Similarly, the Transportation and Connectivity component will be met through this compact form of development with connecting sidewalks and trails. Hillsborough Public Transit has service on Waterstone Drive, and we plan on connecting the southern portion of the site to Waterstone Drive with a multi-use path.

Regarding Social Systems and Public Spaces, we plan on having multiple public open space areas within the boundaries of the project including a continuous 100' strip of open space along the properties southern border against East Scarlett Mountain Road and ten acres of open space at the southwestern corner of the property. Similarly, we are right across NC 86 from Stanback Middle School, and a short distance north of New Hope Elementary. A sidewalk could be constructed, with NCDOT support, for safer access to Stanback. In addition, there is an adjacent Place of Worship.

Housing and Affordability is an important component of our proposal. We are focusing on much needed missing middle and multifamily housing, both rental and for sale. There will be no single-family homes. A permanent dedication of 15% of the residential units will be committed as long term affordable.

2. **The extent to which there are changed conditions that require an amendment** – The southern portion of Hillsborough has seen most of the Hillsborough's growth over the last 20 years. This growth has been moderately paced, and logical, given the southern portion of Hillsborough's proximity to major transit corridors. The area is bounded by I-85 to the north, I-40 to the south, new Highway 86 to the east, and old Highway 86 to the west. The southern portion of Hillsborough is within Hillsborough's Urban Services Boundary and within what has been designated as the primary service area. The water and sewer facilities south of downtown are newer, and higher quality than in the northern and central sewer basins. Guidance provided by past land use plans and reinforced by the recently approved Comprehensive Plan and Future Land Use Map have played a role in the development of the southern area of Hillsborough as well.

The subject property is in the southern area of Hillsborough and the growth surrounding the site has **resulted in changed conditions warranting the amendment**. Specific growth immediately adjacent to or near the subject site includes the Waterstone project, and the recently approved Research Triangle Logistics Park. The Waterstone project has contributed significantly to the area's growth with our state's flagship medical institution, UNC Health, building a major hospital on Waterstone Drive. In 2022 UNC Health expanded the hospital adding an entirely new tower with 80 new beds, and a dialysis center. The newly completed tower has added 100 jobs to bring the total UNC Health employees to over 500 at the 365,000 square foot Hillsborough Campus. Durham Technical Community College built a new campus on Waterstone Drive that includes a 40,000 square building that holds 22 new classrooms, a computer lab, and administrative offices, and is now preparing for expansion of the original campus. Waterstone

has also seen the opening of a new Fire Station in 2023. The 7.4-million-dollar facility has living accommodations for 12 fire personnel and 6 EMS workers. The Research Triangle Logistics Park has been approved and the owners have begun the development and construction process. The Park will add 2,400,000 square feet of industrial, manufacturing, and warehousing space that will bring hundreds of new jobs to the Town of Hillsborough. With the new growth to the southern area of Hillsborough infrastructure has grown as well. I-40 is currently being upgraded at both the Old and New Highway 86 intersections, lane widening is occurring between Highway 15-501 and Highway 85, and mass transit routes to Hillsborough and Chapel Hill have been added.

The addition of recent growth in health, education, industrial and manufacturing space, and municipal services in the southern area of the Town of Hillsborough **has resulted in changed conditions that warrant amendment**. The northern portion of the proposed Mixed-Use Community will allow specialty and outpatient services to grow around the core UNC Health hospital and facilitate the growth of the overall health services in Hillsborough. The residential apartments and townhomes being proposed will provide homes for the of new workers the recent growth in jobs in the southern portion of Hillsborough will require.

3. The extent to which the proposed amendment addresses a demonstrated community need.

The proposed project will address a number of community needs.

a. Housing. We all need a place to live and the United States is currently in a housing crisis. The supply of homes has simply not kept up with the demand. A CNN report earlier this year put the national shortage at 6.5 million homes. Locally a report by the North Carolina Budget and Tax Center given at North Carolina's Annual Fair Housing Conference puts North Carolina's shortage at 900,000 homes by 2030. A shortage of homes has a direct and significant impact on home prices. When you have an insufficient supply of homes, prices go up making the available homes unaffordable. A housing shortage also affects the price of existing homes and when the value of existing homes rises the property taxes for long term residents of Hillsborough increase. This has happened in Hillsborough, at the state level, and nationally. The hardest hit has been the supply of homes for those in the middle- and lower-income price ranges. The only actively selling new home community in Hillsborough currently is Collins Ridge. By the time the proposed Waterstone South project is issued its first building permit, it is likely that Collin's Ridge will be sold out. The proposed mixed-use community will provide badly needed housing for middle income families. As proposed the community will only serve the middle- and lower-income ranges by building only town homes and apartments. We have not planned for any single-family homes. **Providing badly needed middle income homes is a demonstrated community need.**

b. Affordable Housing. Along with the middle-income homes referenced above the applicant is making a commitment to make 15% of the market rate homes affordable to those making an average of 80% of the median income. Affordable homes will be integrated within the market rate homes with identical exterior finishes. There will be no discernable difference between the homes. **Providing affordable homes is a significant financial commitment from the applicant and will address a demonstrated community need.**

c. Medical services/ Neighborhood Oriented Commercial. The proposed mixed-use community has two commercial components planned. The most significant is approximately 12 acres of medical office and outpatient services located immediately adjacent to the UNC Heath Campus on Waterstone Drive. In this portion of the proposed mixed-use campus, we anticipate the type of medical support services typically seen around major medical institutions. We envision radiology, orthopedics, gynecologist, dermatologist, and other specialty offices that will support UNC Health and allow it to operate effectively. The other commercial component will be the neighborhood-oriented commercial along Highway 86 south at the entrance to the residential portion of the community. Here we are planning businesses that will support the community's needs in the southern portion of town. Potential uses include a day care, restaurants, coffee shops, a barber shop or salon. **We believe that each of these commercial components of the proposed mixed-use community will address a demonstrated community need.**

d. Tax Base Income and Jobs. We are proposing a mixed-use community with both residential and commercial components with no single-family lots. This type of development uses far less infrastructure, resources, and community services than the more traditional single-family communities built in the past. They are simply more sustainable, which is listed as the first and primary goal of Hillsborough's new Comprehensive Plan. We have had Lucy Gallo of DPFG conduct an extensive Economic and Fiscal Analysis of the proposed community and the results are a significant deviation from traditional residential development. Ms. Gallo's report finds that the community will generate 1.4 million in annual property tax revenue with an annual net income above expenses of just under 1 million dollars (\$958,000) annually for Hillsborough's General Fund. This is revenue after contributing over \$750,000 to the annual cost of fire and police protection alone. In terms of economic impact, the mixed-use community will create 1,014 permanent jobs in Hillsborough of which most will be high paying medical jobs. These incomes are projected to exceed 100 million annually. **The proposed mixed-use community will go far beyond paying for itself and make a substantial contribution to the Town's general fund and employment, addressing a demonstrated community need.**

4. **The extent to which the proposed amendment is compatible with existing and proposed uses surrounding the subject land and is the appropriate zoning district for the land, and is consistent with the Hillsborough Comprehensive Plan**

a. Compatible with Existing and Proposed Uses. The northern portion of the proposed mixed-use community sits immediately adjacent to UNC Hospital campus along the south side of Waterstone Drive. Durham Technical College campus is located on the north side of Waterstone Drive, along with a large townhome community called Harmony at Waterstone. The property extends southward from Waterstone Drive to East Scarlett Mountain Road. The property is bounded by I-40 to the west and Highway 86 to the east. The general site plan calls for medical office and outpatient services immediately adjacent to UNC Hospital, and residential uses on the southern portion of the site. The residential component is comprised of townhomes and apartments intended to serve working middle income families. The apartments will be located on the western portion of the site along I-40, while the townhomes will be on the eastern portion of the site closer to Highway 86. Neighborhood oriented

commercial will be located at the entrance to the residential portion of the community along Highway 86.

The site plan design **is compatible with existing and proposed uses surrounding the subject land.** The medical office and outpatient services is immediately adjacent to UNC Hospital which is consistent and intended to support the major medical facility. The residential component of the mixed-use community is entirely consistent with the apartments in Waterstone and the townhomes along Waterstone Drive. Highway 86 and I-40 both buffer the townhomes and apartments from the east and the west. The Rural Buffer begins at the southwestern corner of the site and extends all the way to Chapel Hill. Within the Rural Buffer homes were constructed on large lots. We will be dedicating significant areas of open space along the southern boundary in the Rural Buffer and have designed the lower density townhomes as a transition. While we are proposing higher density than the Rural Buffer to the south, we believe placing our residential component on the southern portion of the site **is compatible with existing uses, and is consistent with the recently approved Comprehensive Plan, the Future Land Use Map, and the Urban Services Boundary Map (attached as exhibits A and B respectively).**

Exhibit A

Town of Hillsborough/Orange County Central Orange Coordinated Area Land use Plan
Areas Within the Town's Urban Service Boundary

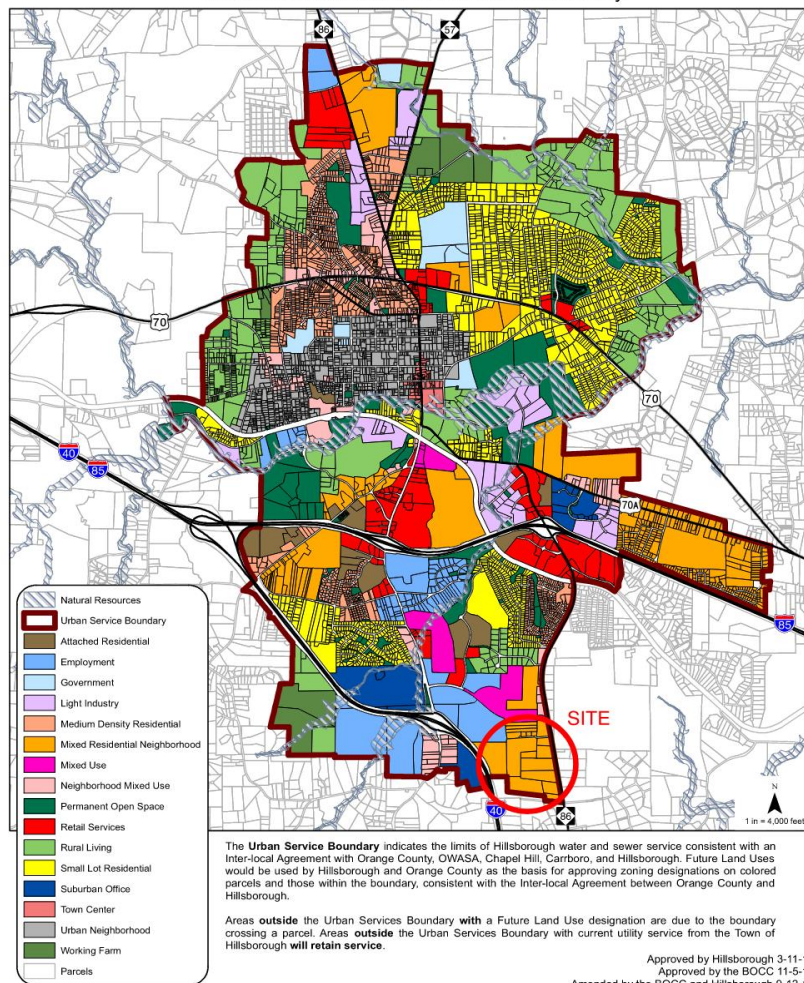
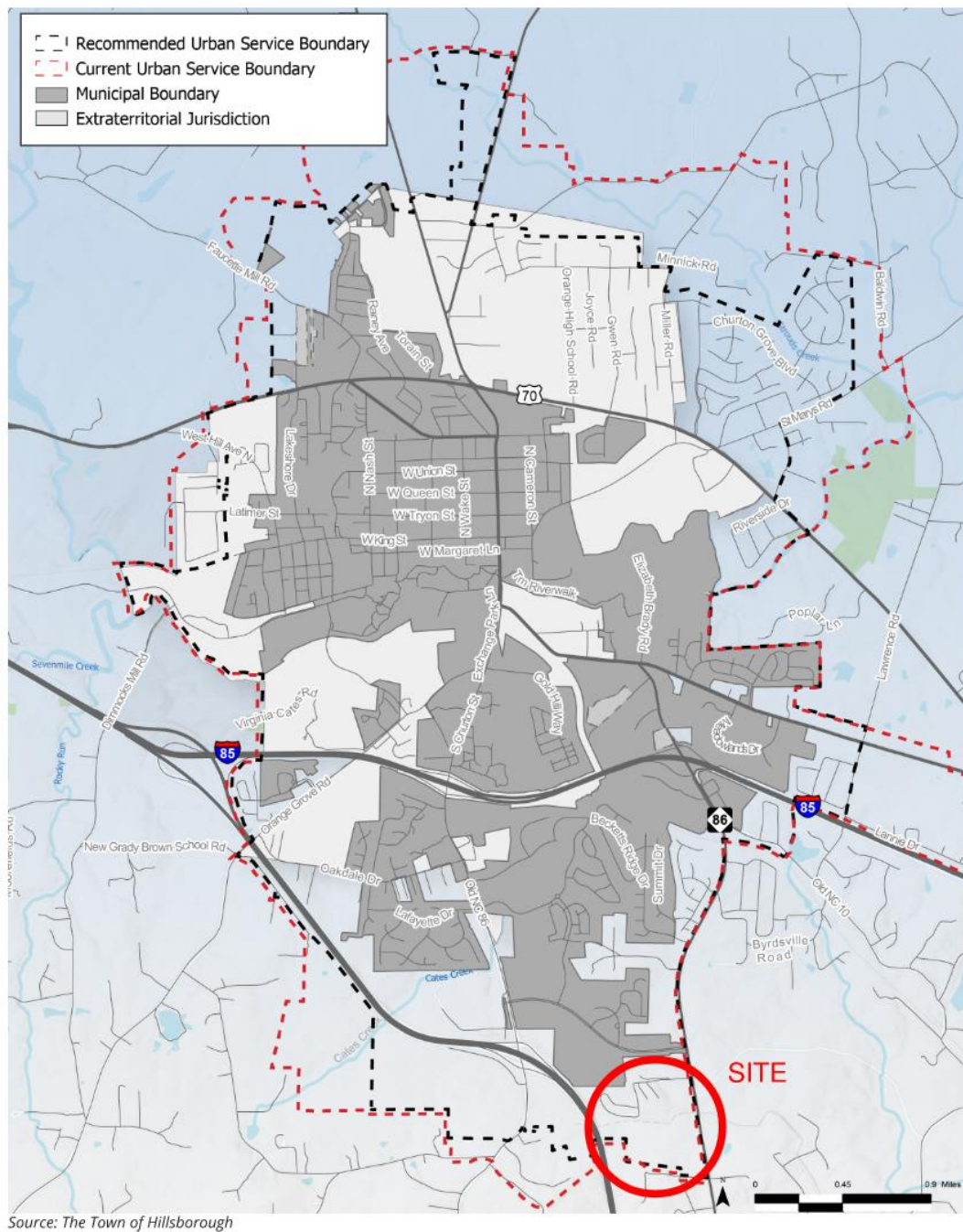


Exhibit B

Figure 4.1. Urban Service Boundary



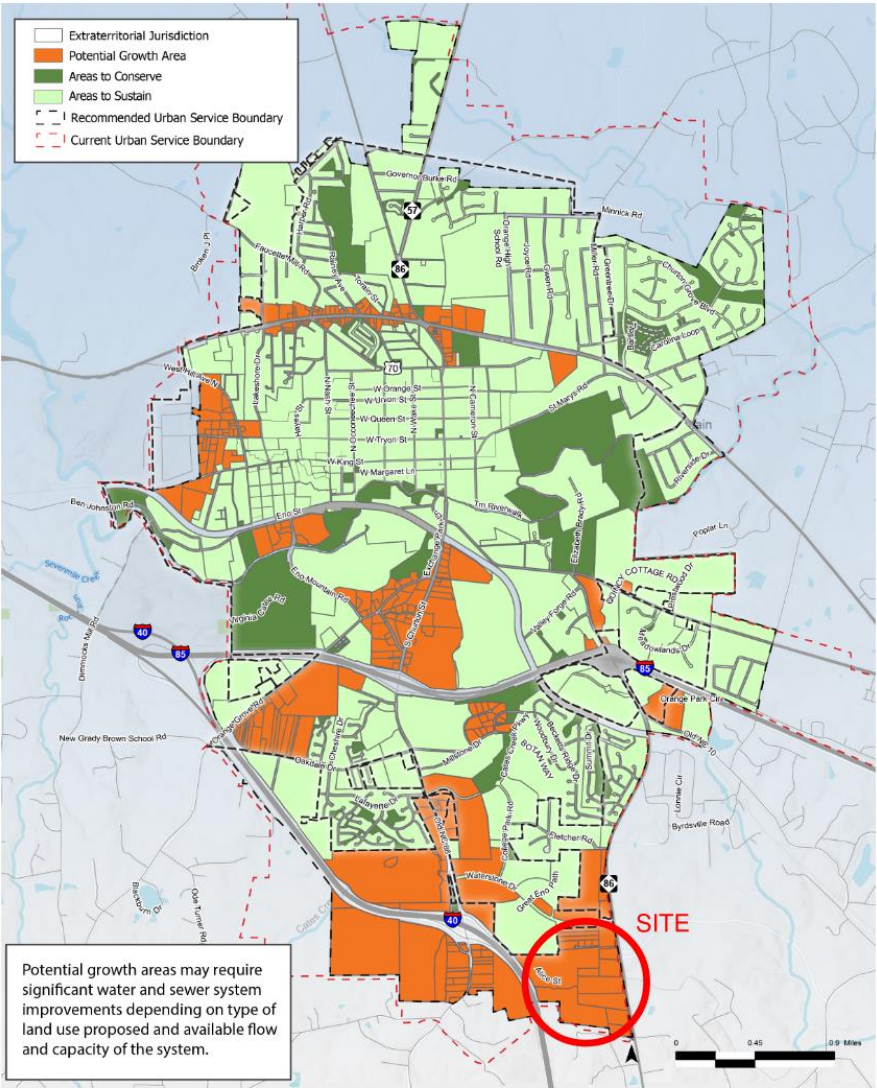
- b. Consistent with the Comprehensive Plan. In June of 2023 the Town of Hillsborough adopted a new Comprehensive Plan entitled “Town of Hillsborough Comprehensive Sustainability Plan 2030. The proposed mixed-use community and associated annexation are consistent with this comprehensive plan in virtually every respect.
 1. Land Use and Development. This section of the comprehensive plan applies most directly to this proposed mixed-use development.

- a. Pages 4-5 of the Comprehensive Plan, at the beginning of the section, states that Hillsborough “seeks development patterns that create more compact communities and walkable spaces with a mix of uses”, and page 4-8 speaks to the southern area of Town holding opportunities for growth in the form of “compact, mixed use, and transit-oriented development”. This mixed-use development is in the southern portion of Town and provides compact development, a mix of uses, and mass transit opportunities.
- b. The comprehensive plan contemplates contracting the urban services boundary away from areas that are less practical to provide sewer services, or the Town wants to otherwise discourage development. The proposed mixed-use community remains within the primary service area whether the area is contracted or not (see attached exhibit B from page 4-12 of the Comprehensive Plan).
- c. The comprehensive plan speaks of the Town’s limited and in some areas constrained sewer capacity. It is pointed out that the “Elizabeth Brady Basin is newer and has more capacity”. (Page 4-14 Comprehensive and Sustainability Plan 2030). This proposed mixed-use community is in the Elizabeth Brady Basin.
- d. The comprehensive plan points out that a significant problem with the existing sewer system is that there are too many pump stations, and many of them are substandard and ageing. (Pages 4-15 and 4-16 Comprehensive and Sustainability Plan 2030). The proposed mixed-use community eliminates two ageing substandard pump stations and constructs one new station built to modern standards with excess capacity for the future.
- e. The comprehensive plan page 4-16 points out that “Planned growth is a driver for sewer improvements in the newer Elizabeth Brady Pumping Station Sewer Basin. Significant investment will be needed to prepare for future needs and growth”. The proposed mixed-use community is proposing a contribution of 8 million dollars in needed sewer improvement for the Town of Hillsborough’s system. Of the 8 million dollars 3.3 million would be in direct construction (including upgrading the Elizabeth Brady Pump Station, eliminating the Alice Loop Pump Station, and replacing the Nazarene Pump Station), and 4.7 million dollars would be in accelerated access fees that would be paid upon approval of each of the 3 phases. This is a very large contribution to the public infrastructure. Hillsborough has not seen this level of commitment in the past. However the comprehensive plan specifically suggest this type of cost sharing arrangement with developers.
- f. In the conclusion of the Comprehensive Plan’s section on Land Use and Development, page 4-22 states that, “Based on the water and sewer capacity constraints, growth should be focused on the southern part of Town in the Elizabeth Brady Basin. This area is ripe for additional compact and mixed-use development.....”. As demonstrated in the Growth Areas Map (Figure 4.4), most growth is anticipated in the southern portion of town (within the Elizabeth Brady Basin). “The town plans, regulations and ordinances should be revised to direct this

growth to accomplish the goals of this plan.”. This is exactly what the proposed mixed-use community has designed in both location and the type of development. I have attached figure 4.4 Potential Growth Areas Map” as exhibit “D”. (page 4-23 Comprehensive and Sustainability Plan 2030).

Exhibit D

Figure 4.4. Potential Growth Areas



Source: The Town of Hillsborough

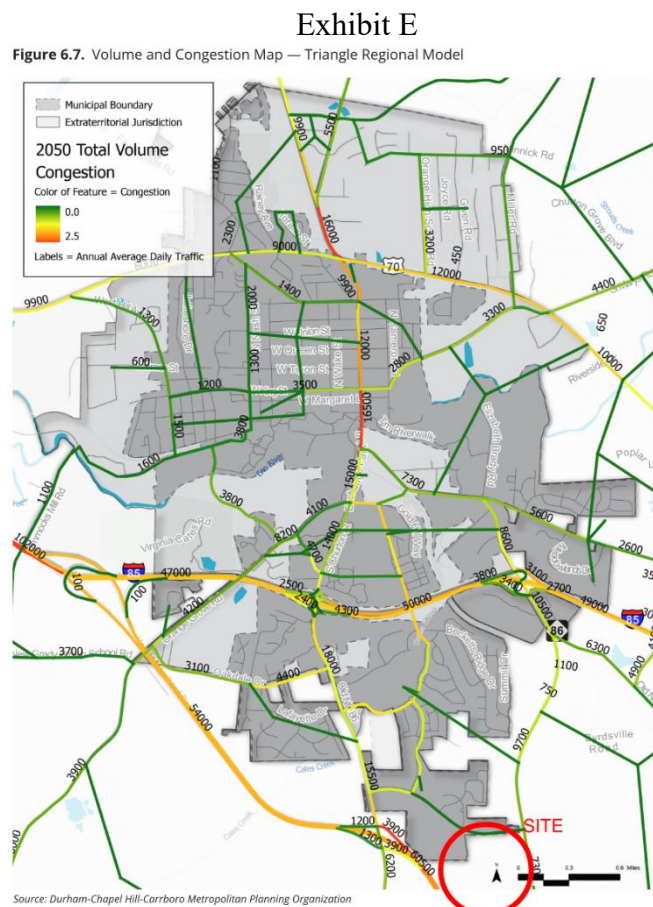
2. Transportation and Connectivity. The comprehensive plan on Page 6-4 states that “The town of Hillsborough relies on this regional transportation network, along with local roads, and bicycle and pedestrian facilities, for its economic vitality and social and resource connections”. Greenway trails and pedestrian networks are important to the future of the town as are mass transit opportunities. The proposed mixed -use communities’ location could not be better. It is in the southern part of town adjacent to 1-40, and Highway 86 (new), with I-85 to the north and Highway 86 (old) to the west. Access to all these major transportation routes can be made without going through downtown Hillsborough. The mixed-use master plan calls for an extensive internal

pedestrian trail system with multiple connections both current and future to Waterstone Drive, which then provide links to other areas of Hillsborough. We have also proposed a public sidewalk on both sides of all new public streets and will discuss the potential of public sidewalk along Highway 86 to provide access to Elementary and Middle Schools. This type of connectivity is essential.

The comprehensive plan has several transportation related maps that I have attached to this report as exhibits e-i. I will include a brief narrative of each map as they relate to the proposed mixed-use community.

- a. Figure 6.7, Volume and Congestion Map, page 6-17.

This map shows areas around Hillsborough that experience high traffic volumes and congestion. Please notice that at Waterstone Drive and Highway 86 where the proposed mixed-use community is located there are only green hues shown. This indicates low volume and congestion.



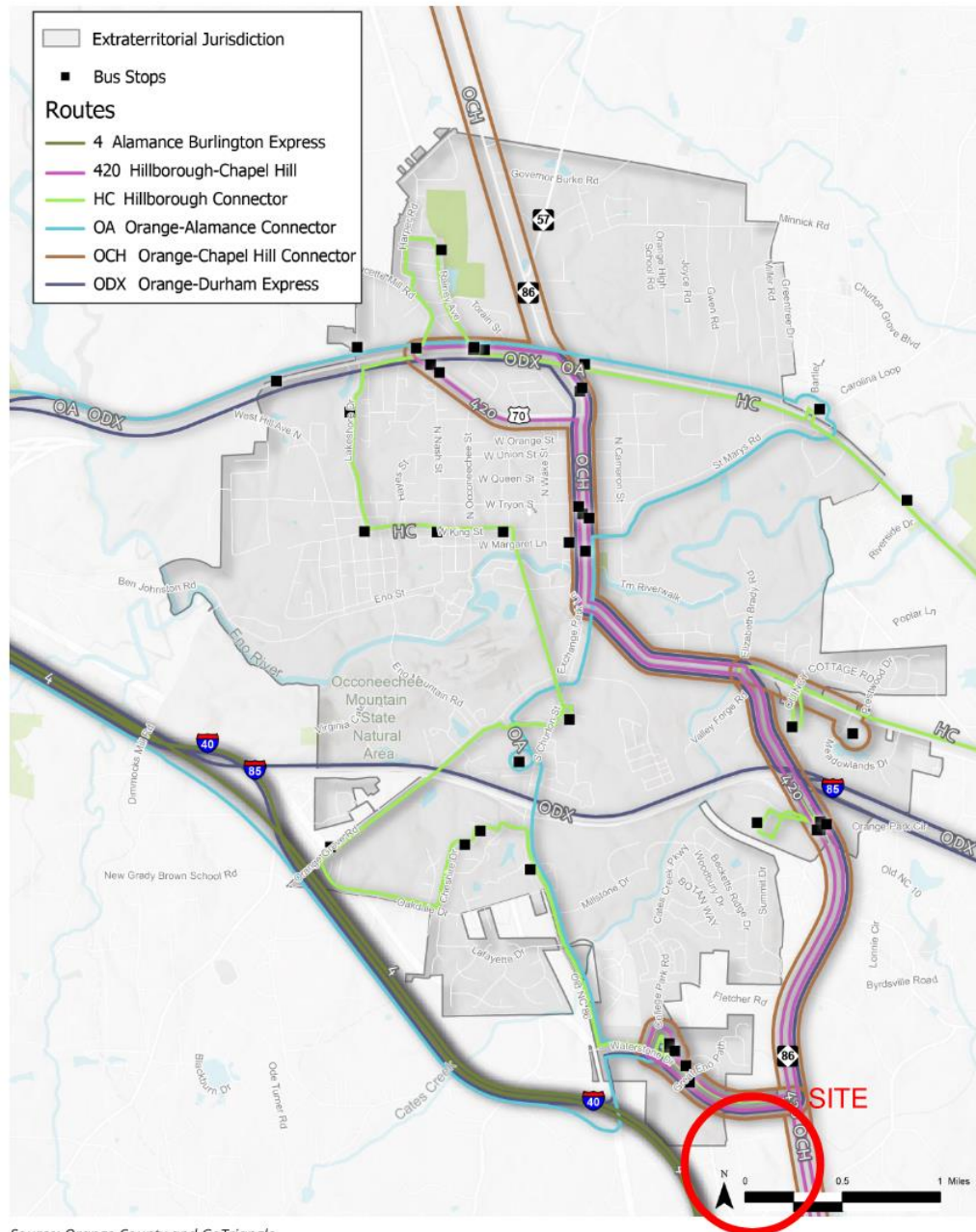
- b. Figure 6.8, page 6-19 Existing Transit Routes.

This map shows where transit opportunities currently exist. Please note that Waterstone Drive and Highway 86 South, where the proposed mixed-use community is located, has more mass transit opportunities than anywhere else in

Hillsborough. These opportunities include the Hillsborough Circulator route, Hillsborough to Chapel Hill routes, and the Orange - Alamance Connector.

Exhibit F

Figure 6.8. Existing Transit Routes



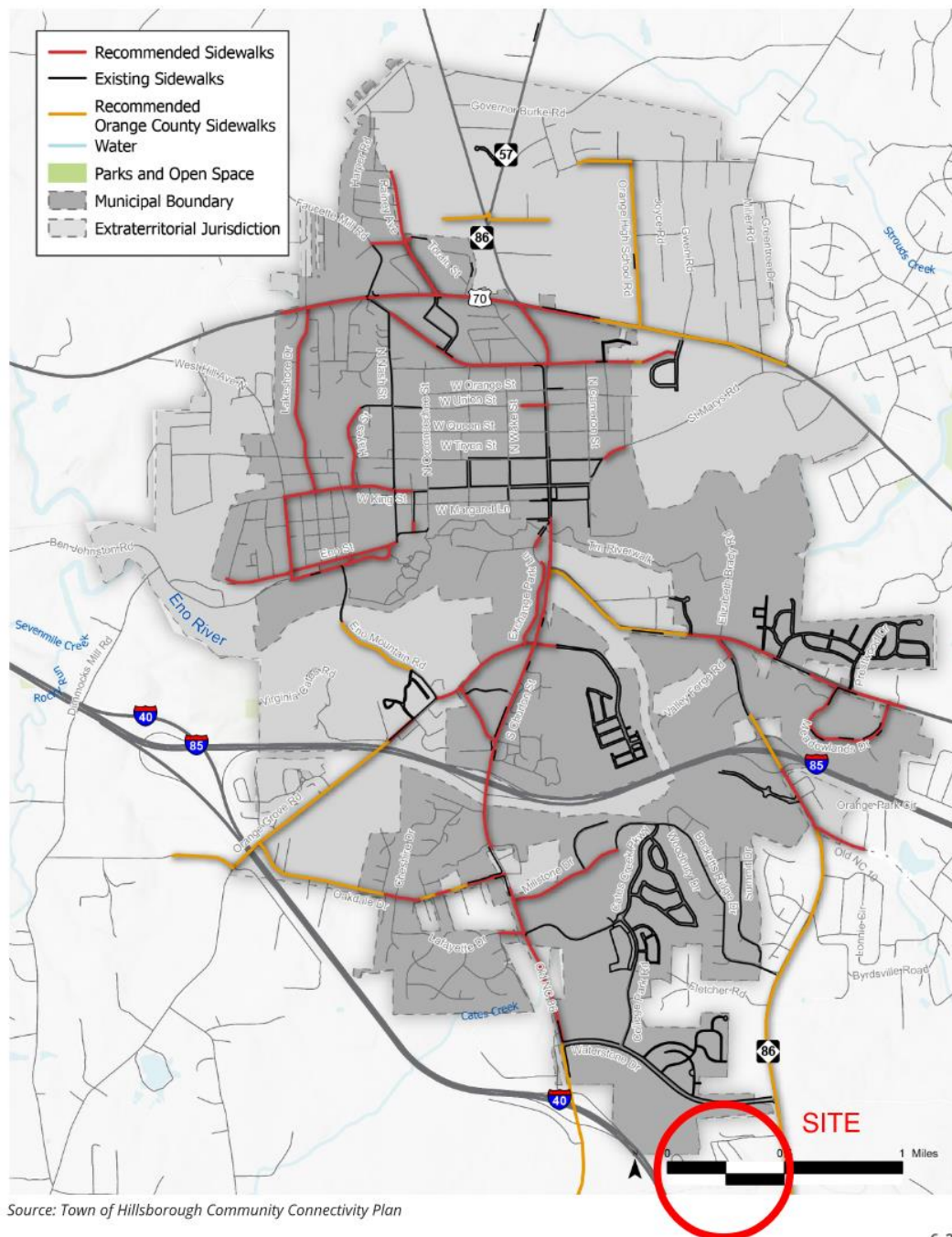
Source: Orange County and GoTriangle

c. Figure 6.10, page 6-22. Sidewalk System Map.

This map shows an Orange County recommended sidewalk along Highway 86 South.

Exhibit G

Figure 6.10. Sidewalk System Map

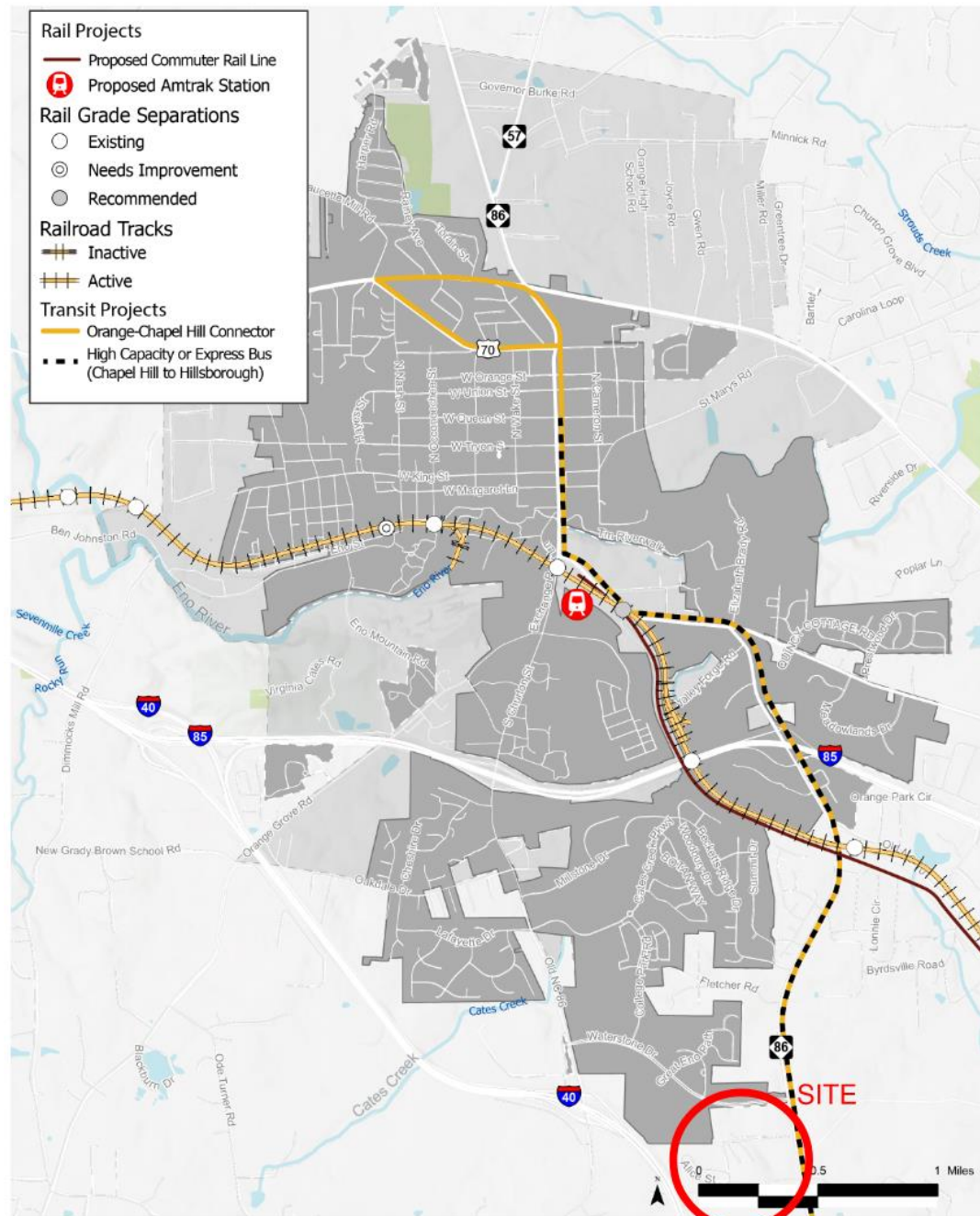


6-22

- d. Figure 6.17, page 6-38 Existing Rail and Improvements Map.
This map shows that Highway 86 directly in front of the proposed mixed-use development has “High Capacity or Express Bus between Hillsborough and Chapel Hill.”

Exhibit H

Figure 6.17. Existing Rail and Improvements Map

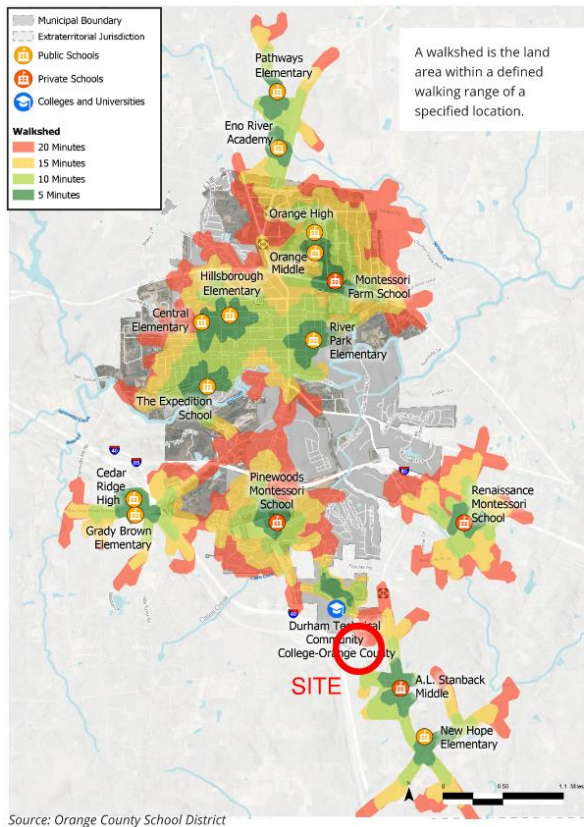


Source: Durham-Chapel Hill-Carrboro Metropolitan Planning Organization Comprehensive Transportation Plan, November 2017

- e. Figure 7.3, page 7-9. Educational Walkshed Map (K-12 and Higher Education). This property is connected to local schools with green shading which indicates a 5 minute or less walk to the educational facilities of Durham Technical College, A.L. Stanback Middle School, and New Hope Elementary. This makes walking a potential opportunity for all three schools.

Exhibit I

Figure 7.3. Educational Walkshed Map (K-12 and Higher Education)



Child Care

Hillsborough is home to several child care centers that offer daycare and preschool services. These centers support growth, development and educational advancement of children, and creates a positive economic impact for families and communities. These centers are vital to the success of the community, and all families should have access to quality and affordable child care. As the population of Hillsborough grows, more quality child care options will be needed to meet the demand.

3. Planning and Economic Development. The comprehensive plan states that “The town understands the importance of continued growth and support to existing businesses.”. And it also recognizes that “Hillsborough’s largest industry is healthcare and social services with the UNC Hospitals Hillsborough Campus as the largest employer in this sector.”. (Pages 9-4 and 9-5 Comprehensive and Sustainability Plan 2030). The proposed mixed-use community is immediately adjacent to the UNC Hospitals Campus and is offering Medical Office and Outpatient Services to support the hospital’s future and current needs. We are also offering middle-income housing designed with hospital workers in mind. The residential component of this mixed-use neighborhood provides a realistic opportunity for the employees at Hillsborough’s largest employer to walk to work. The proposed Medical Office and Outpatient Services is located Orange County’s **Economic Development District** (see figure 9.3). (Page 9-8 Comprehensive and Sustainability Plan 2030). The proposed mixed-use community has a mix of 41% commercial tax base and 59% residential tax base.

Exhibit J

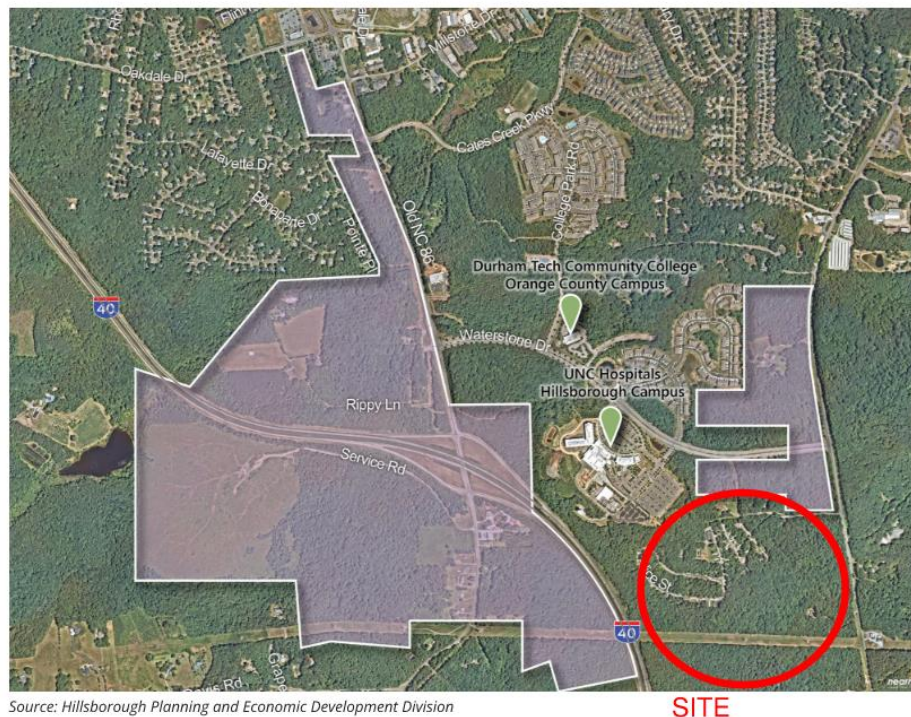
Coordination with Orange County

The partnerships that the town has with Orange County are important for a strong economic development strategy. The county invests significant resources into economic growth for the county, which the town can use and build upon at a local level.

Orange County Economic Development Districts around Hillsborough

In 1984, Orange County outlined areas around Interstate 40 near Hillsborough as economic development districts (identified in lavender in *Figure 9.3*). These areas encompass all four corners of the Interstate 40 exchange with Exit 261 south of Hillsborough, totaling 703 acres that include Waterstone Business Park, UNC Hospitals Hillsborough Campus and Durham Technical Community College's Orange County Campus. Approximately 208.08 acres of these economic development districts have been developed.

Figure 9.3. Orange County Economic Development Districts



4. Housing and Affordability. There are several very important sections from the comprehensive plan that warrant inclusion in the discussion of consistency with the proposed mixed-use community.

During the development process for this plan “addressing affordability and cost of living” was noted as one of the most important sustainability issues facing the town. (Page 8-4 Comprehensive and Sustainability Plan 2030).

“The affordability of housing in a market function on a supply and demand model. The prices of housing units will be higher the lower the supply is in an area. Further, high housing costs have the unintended consequence of promoting sprawl, as households seek

more affordable options away from densely populated areas with access to services. This generates adverse social and environmental effects, such as development of natural areas, increases in service rates (such as water and sewer), and higher emissions from longer commutes”. (Page 8-4 Comprehensive and Sustainability Plan 2030)’

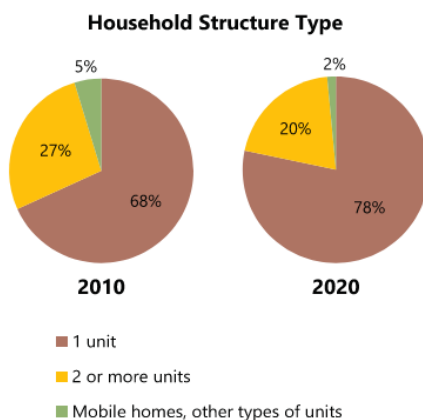
“A mixture of housing types helps neighborhoods be more sustainable and stable. Approaching housing with a smart growth lens curbs sprawl and reduces environmental impacts by building compactly, promoting a mix of uses....”. (Page 8-3 Comprehensive and Sustainability Plan 2030).

“Missing middle housing refers to building types that provide denser housing options, such as duplexes, fourplexes, cottage courts, and courtyard buildings. These housing types have the capacity to better support transit and economic mobility of residents without the cost and maintenance burden of a detached single-family home”. (Page 8-4 Comprehensive and Sustainability Plan 2030)’

In addition, between 2010 – 2020 the percentage of single-family homes has risen from 68% to 78% of Hillsborough’s total housing stocks (see Housing Structure Type in Hillsborough, Figure 8.4). (Page 8-8 Comprehensive and Sustainability Plan 2030).

Exhibit K

Figure 8.4. Household Structure Type in Hillsborough (2020 and 2010)



Source: U.S. Census, American Community Survey 5-Year Estimates

The proposed mixed-use development seeks to address the missing middle, and workforce housing by following the guidance laid out above from the comprehensive plan by providing townhomes and apartments and no single-family homes. We have chosen the more compact, denser design, that is more affordable and more sustainable. Our plan also addresses affordability by integrating 15% of affordable homes throughout the townhomes which will be affordable to those earning 80% or less of the median income. We will also commit to 15% of the entire residential portion of the project to be

affordable. We are committed to working with the Hillsborough Commissioners to come up with the best plan for providing affordability within the apartments.

5. The extent to which the proposed amendment would result in a logical and orderly development pattern or deviate from logical and orderly development patterns.

The proposed plan will allow an appropriate type of growth to the Town's anticipated future southern border that is in keeping with an orderly and logical development pattern. Recent development in this area has been characterized by the creation of significant employment centers, including Durham Technical Community College, UNC Hospital and a medical office building at Waterstone Drive and South Churton. This proposal requests a mix of townhome and multifamily housing types which would be more affordable and in walkable and bikeable proximity to those employment centers, as well as to a nearby middle school and elementary school. In addition, the proposal calls for a small neighborhood retail area along NC 86 along the property frontage, again walkable and bikeable to the new residents, as well as a general and medical office area on Waterstone Drive, directly adjacent to the hospital. Those latter uses will provide additional employment and business lease space opportunities in an area designated for mixed use by the Future Land Use Plan. In summary, the Town has a dwindling supply of available land to provide additional housing, business and employment opportunities, and by graduating the intensity of these uses south from Waterstone Drive to the Rural Buffer is an appropriate use of this property and a logical pattern of development.

6. The extent to which the proposed amendment would encourage premature development.

We don't believe there is anything premature about the proposed mixed-use community. There is a documented housing shortage both nationally and locally as referenced earlier in Section 3(a) above. The medical office and outpatient services being proposed along Waterstone Drive next to UNC Hospital are necessary to support the hospital and allow for the area to develop into a signature medical campus. The neighborhood commercial proposed at the entrance to the residential component of the community along Highway 86 will allow for the opportunity for restaurants, day cares barber shops, and hair salons to be in an area of town where there are few neighborhood businesses.

7. The extent to which the proposed amendment would result in strip or ribbon commercial development.

This proposed rezoning would in fact not result in strip or ribbon commercial development. The proposed neighborhood commercial along NC 86 will be limited to 40,000 sf maximum. The location is purposeful to be within walking distance of the new residential units, and calls for uses including daycare, restaurants, commercial office and small retail spaces. This is not a strip form of development. The remaining non-residential uses are proposed along Waterstone Drive and are committed to be general office and medical office, not retail. This is inherently not a strip form of development.

8. The extent to which the proposed amendment would result in the creation of an isolated zoning district unrelated to or incompatible with adjacent and surrounding zoning districts.

While there will be two large parcels of property between our proposed mixed-use community and Waterstone Drive, they will most certainly be developed in a similar fashion to what we are proposing. They are located along Highway 86 and the larger parcel sits at the corner of Waterstone Drive and Highway 86. There is a third 4-acre parcel located near the UNC Hospital and we have been in contact with them about purchasing the property. They currently have the property advertised for sale. The current owners of the two larger parcels were not inclined to sell their property at this time, but neither parcel could be considered isolated.

9. The extent to which the proposed amendment would result in significant adverse impacts on the property values of surrounding lands.

We do not believe the annexation of the subject property and proposed mixed-use development will result in significant adverse impacts on the property values of surrounding lands. As mentioned earlier I-40 provides a significant buffer to the property west of the site. We don't believe the proposed mixed-use development will have any effect on the properties west of I-40. The same is true, although possibly to a lesser extent, of the properties along Highway 86 which serves as the eastern boundary of the proposed mixed-use community. There are a total of 8 lots across Highway 86 along the property's eastern border. Duke University owns 439 acres of forestry land. The owner of Investors Title owns 4 of the properties with one rental home on the combined parcels. Blalocks Towing and Recovery owns one lot, and there is one individual home set back on an 8-acre lot. We do not believe that the proposed mixed-use community will have any negative effects on these properties. The proposed mixed-use development may have a positive effect on the business of Blalocks Towing and Recovery. There should be no effect on the Duke Forestry property or the investment properties as they are all outside the urban services boundary. The homes to the south of the property are on large lots and are all in the rural buffer. We would anticipate a slight increase in property values due to the addition of the neighborhood commercial and other facilities being located nearby, but no decrease in property values. Lastly, we believe the proposed mixed-use community can only enhance the properties adjacent to the northern area of the site. Because the site is immediately adjacent to UNC Hospital the proposal includes uses intended to support UNC Hospital. The effect should be positive. One of the most significant advantages of the proposed mixed-use community for the Town of Hillsborough is that the additional residential component has the potential to stimulate the lack of anticipated commercial growth in the Waterstone Community. While the location of UNC Hospital and Durham Technical College have been positive, they have not contributed significantly to Hillsborough's tax base. The anticipated commercial that would supply the commercial revenue has not been built. The residential component of the proposed mixed-use community may provide the necessary "rooftops" to stimulate needed commercial growth along Waterstone Drive.

10. The extent to which the proposed development would result in significantly adverse impacts, including but not limited to water, air, noise, stormwater management, wildlife, vegetation, wetlands, and the natural functioning of the environment.

The planned development is designed to be sensitive to natural features and environmental systems. Streams were mapped by Orange County, and the plan is configured to avoid these and

the associated riparian buffers. Stoney Creek is the most significant environmental feature on the property. A substantial portion of the property is currently in a meadow due to the wide overhead powerline easement and will largely be maintained as such. Riparian buffer areas of the site, as well as a 100' buffer along I-40 will remain in a wooded state. Stormwater management control measure to Town and State standards will be installed with the development to maintain the quantity and quality of runoff and not degrade the existing streams. Also, continuous wildlife corridors with limited road and greenway crossings will be maintained east/west through the site along Stoney Creek, and north/south along Interstate 40.

CONDITIONS OF APPROVAL FOR WATERSTONE SOUTH, A PLANNED DEVELOPMENT

I. Generally

- A. Site plans and construction drawings for the development shall comply with these conditions of approval, as well as any applicable development regulations for the Town of Hillsborough that are in effect when the plans and/or drawings are submitted. When there is a conflict between a condition of approval and the development regulations of the town, the condition of approval shall govern.

II. Affordable Housing

- A. Fifteen percent (15%) of the total market rate homes in the development, including the townhomes and multi-family apartment units, shall be affordable to those earning an average of 80% or less of the median income. Median income shall be determined using data from the US Department of Housing and Urban Development for the geographic statistical area in which Hillsborough is located.
- B. A deed restriction reserving the affordable units for a period of ninety-nine (99) years and requiring annual certification with the town of the number of affordable units shall be recorded before a Zoning Compliance Permit will be issued for the first residential unit.
- C. The affordable units shall be integrated with the market-rate units, and the exterior finishes shall make the affordable units indistinguishable from those that are market-rate.
- D. The minimum gross floor area for an affordable apartment unit shall be _____sq. ft., and the minimum gross floor area for an affordable townhome unit shall be _____sq. ft.
- E. The affordable unit mix shall be proportionate to the market-rate unit mix. For example, the number of one-bedroom affordable apartment units shall be proportionate to the number of one-bedroom market-rate apartment units.
- F. Floor plans for buildings containing affordable units must be submitted for review with zoning compliance permit applications.

III. Conservation Easement

- A. Approximately 12.8 acres along the southern project boundary shall be held in a conservation easement. The easement, shown on sheet MP1.1 of the approved Waterstone South Master Plan set, was mandated by the Orange County Board of Adjustment as part of the modified Special Use Permits for The Woods and Woodsedge on May 8, 2024. The applicant shall record the conservation easement in a form satisfactory to the Town of Hillsborough with the Orange County Register of Deeds within 120 days of annexation by the Town of Hillsborough. The Town of Hillsborough shall hold the conservation easement in perpetuity.

IV. Multi-modal Transportation

- A.** The developer shall record a public access easement and private maintenance agreement in each phase for all trails labeled “Walking & Bicycle Trail” on the approved Master Plan before the issuance of a Zoning Compliance Permit for the first residential unit for that phase.
- B.** The developer shall request in writing a public access easement from UNC Hospitals to connect the proposed “Walking & Bicycle Trail” on the western side of the Waterstone South development to the water tower access road on the UNC Hospitals property (PIN 9873-32-0287). A copy of the written request will be sent to the Town of Hillsborough Planning Manager. If UNC Hospitals agrees to grant said easement, the developer shall
 - 1. record the deed of easement and a private maintenance agreement with the Orange County Register of Deeds office, and
 - 2. extend the proposed “Walking & Bicycle Trail” from the shared property line between UNC Hospitals and the Waterstone South development to the water tower access road on the UNC Hospitals property (PIN 9873-32-0287).
- C.** The developer shall pave all trails labeled “Walking & Bicycle Trail” on the approved Master Plan unless a proposed trail is in an environmentally sensitive area (e.g., floodplains; wetlands; slopes exceeding 25%; highly erodible soils), in which case crushed stone or soft surfaces (e.g., natural earth; wood chips) may be used. The layout of trails shown on the Master Plan is conceptual. Exact trail locations and surfaces will be established during construction drawing review.
- D.** All trails shall be maintained in perpetuity by the developer, any successors and assigns of the developer, or other acquiring parties.
- E.** The developer shall install a sidewalk network interior to the site that connects with a sidewalk system on the west side of NC 86 S as shown on the Master Plan.
- F.** The developer shall install a painted crosswalk with high-visibility striping and a flashing beacon at E. Scarlett Mountain Road and Storey Lane at the NC 86 S intersections if allowed and approved by the North Carolina Department of Transportation.
- G.** The developer shall design all streets designated as public on the Master Plan to NCDOT Subdivision Design Standards and Town of Hillsborough cross-sections provided in the town’s Unified Development Ordinance. This design will include, but shall not be limited to, the following: radii, vertical curves, storm drainage design, and gutter spread. The design speed will be consistent with current Town of Hillsborough ordinances. Curb and gutter will be required on all streets proposed for town acceptance.

- H. The developer shall install all off-site improvements recommended by their Traffic Impact Analysis prepared September 19, 2023, and concurred with by NCDOT in its letter dated December 7, 2023.
- I. The developer shall update the Traffic Impact Analysis prior to the issuance of any Zoning Compliance Permits for Phase 2 to ensure acceptable operation at the various study intersections. If an updated Traffic Impact Analysis projects a Level of Service (LOS) of D or lower at the intersection of Waterstone Parkway and NC 86 S, then the developer shall install a traffic signal at the intersection before the approval of the final Certificate of Occupancy in Phase 2.

V. Phasing

- A. The Town of Hillsborough will not issue zoning compliance permits for the last 10 (ten) dwelling units in a phase until the developer
 - 1. completes, certifies, and submits for town acceptance of all public infrastructure (e.g., sidewalks, streets, trails, greenways, utilities) in said phase, and
 - 2. installs or bonds all landscaping, street trees, and stormwater conveyances in said phase.
- B. The development shall be constructed in three phases:
 - 1. Phase 1: 205 townhomes and 10,000 square feet of neighborhood commercial.
 - 2. Phase 2: 225 apartment units and 10,000 square feet of neighborhood commercial.
 - 3. Phase 3: 225 apartment units and 20,000 square feet of neighborhood commercial.
- C. The medical and general office portion of the development (Blocks H and I as shown on sheet MP1.1 of the approved Waterstone South Master Plan set) is not included in the phasing plan and shall be developed based on market demand as the adjacent UNC Health facility grows.

VI. Utilities

- A. A new sewer pumping station, associated force main, and all appurtenances shall be constructed and donated to the Town of Hillsborough by the developer after successful completion. The existing gravity sewer to the Woodsedge Back and Nazarene Pumping Stations shall be redirected into this new pumping station located at a site near or on the development as agreed to with the Town of Hillsborough.

1. The new gravity sewers and sewer pumping station shall be designed to Town of Hillsborough specifications and details including site layout, drive, fencing, and station features.
 2. If the new pumping station is in a conspicuous location, something more than a chain link fence may be required. However, any landscaping shall not be placed atop any piping or close to the fencing.
- B.** The developer shall connect the project water main extension to the town's existing water distribution system at the general locations shown in the Master Plan. A minimum of two connections is required.
1. The new water main shall be of a size and type acceptable to the Town of Hillsborough and designed in accordance with the town's specifications and details. Final connection points shall be approved by the town. The minimum size for any main to be dedicated to the town is 8".
 2. The connections to the UNC water main and to the NC 86 S water main must both be completed prior to the issuance of the first Certificate of Occupancy for the subject property. The developer shall work with the town, NCDOT, and UNC Hospitals for construction, access, and easement recordation as necessary and restore all disturbed area on the UNC property and NCDOT right-of-way to their satisfaction.
- C.** The developer agrees to accelerate payment of System Development Fees (SDFs) sooner than allowable by statute for each planned phase upon its approval by the town of provide better cash flow for downstream capital improvement projects that are needed and will benefit the project. The SDFs must match the unit bedroom counts for each phase of site plan approval, and site plan approval will not be issued for a phase until the appropriate SDFs are paid. SDFs shall be those in effect at the time of payment.
- D.** The developer shall demolish the existing Nazarene and Woodsedge Back pumping stations to specifications agreed upon with the town and the property owner of Woodsedge Mobile Home Park after the new pumping station is fully certified and operational with redirected flow from these existing pumping stations active with no apparent issues.
1. In general, any equipment the town wishes to keep shall be carefully salvaged and provided to the town.
 2. The existing stations and force mains shall be flushed out. The station features, if unable to be removed completely, shall be taken to 3 feet below grade. Any voids shall be filled with excavatable flowable fill.

3. The existing station sites shall be graded, seeded, and mulched to establish new ground cover.
 4. Installation of the new pumping station and force main must be complete prior to the release of any water meter in the development. The abandonment of the Woodsedge Back and Nazarene pumping stations must be complete prior to the release of Certificates of Occupancy for Phase 1.
- E.** The developer shall enter into a Water and Sewer Extension Contract as typical with the town. This contract shall provide the finer details of the design, permitting, construction and acceptance details.
- F.** The developer shall contribute \$500,000 to the cost of upgrading the Elizabeth Brady Pump Station to handle the additional flow generated by the proposed project. This contribution shall be made before the approval of the first site plan for the project and will be used by the town to install upgraded instrumentation, monitoring equipment, and controls.

DRAFT

Memorandum

To: Town of Hillsborough Planning Board
From: Molly Boyle, Planner II
Cc: Shannan Campbell, Planning & Economic Development Manager
Date: July 18, 2024
Subject: Staff analysis – Waterstone South annexation and rezoning requests



Summary of Proposal

Proposed Annexation and Rezoning Details – Waterstone South	
Property Owners/Applicants	Capkov Ventures, Inc. and Woodsedge Properties, LLC
Property Location	East of I-40, west of NC 86 S, and south of Waterstone Drive (vicinity map on the next page)
Project Size	99.14 acres (97.02 proposed for annexation)
Parcel ID Numbers	<ul style="list-style-type: none"> • 9872-49-0872 • 9873-41-6716 • 9873-42-2375 • 9873-50-4152 • 9873-41-5972 • 9873-41-0172 (portion) • 9873-50-2573 • 9873-42-5076 • 9873-51-0737 • 9873-42-5271
Applicant Request	<ol style="list-style-type: none"> 1) Annex the project area that is not already within town limits. 2) Rezone approximately 99.14 acres from R1 (County), EDH-2 (County), and ESU (Town) to a Planned Development (PD) district for apartments, townhomes, and various non-residential uses, including medical, office, and neighborhood commercial uses; and
Proposed Residential Land Uses	<ul style="list-style-type: none"> • 450 apartment units • 205 townhome units • 15% of the units to be affordable to those making 80% of the median income
Proposed Non-Residential Land Uses	<ul style="list-style-type: none"> • 200,000 sq. ft. along Waterstone Drive (allowable uses to include medical and general office, outpatient services, hospital, restaurant, and childcare facility) • 40,000 sq. ft. along NC 86 S (allowable uses to include neighborhood commercial, retail, daycare, and restaurant)

Staff review

The submittal was reviewed by the town's Technical Review Committee (TRC) in February and April 2024. The TRC includes representatives from various departments related to development, including Planning, Utilities, Stormwater, Public Works, the NC Department of Transportation, and the Fire Marshal. The applicant addressed all TRC questions and requested revisions.

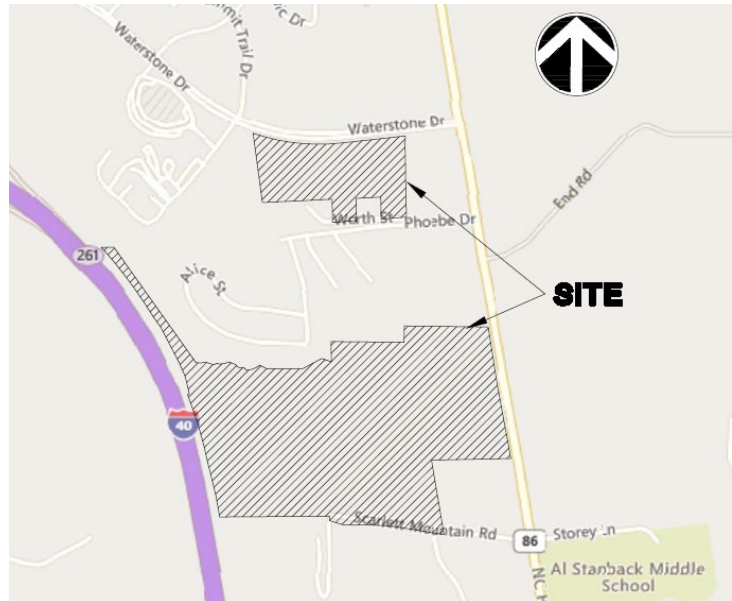
Compliance with Unified Development Ordinance:

After TRC review, Planning staff found the submittal to comply with the Unified Development Ordinance (UDO) regulations for Map Amendments and Planned Development Districts, specifically:

- Section 3.7 *Administrative Procedures - Unified Development Ordinance and Map Amendments*
- Section 4.6.1 *Zoning Districts – Planned Development (PD)*
- Section 5.2.39 *Use Standards – Planned Development*

The UDO is available on the town's website:

<https://www.hillsboroughnc.gov/about-us/departments/community-services/planning/unified-development-ordinance>.



Waterstone South Vicinity Map

Consistency with Comprehensive Sustainability Plan:

The North Carolina General Statutes and the UDO require the Planning Board and Commissioners consider if a zoning amendment is consistent with the comprehensive plan. Staff finds the proposal generally consistent with the Comprehensive Sustainability Plan, with the exception of Figure 4.4 *Potential Growth Areas* (page 4-23). A portion of the project area is outside of the town's identified "potential growth area" (shown in orange in the image at right).

Note that the Board of Commissioners can determine that a zoning amendment is inconsistent (in full or in part) with its comprehensive plan and still approve the amendment. [NC GS § 160D-605 \(a\), Governing board statement – Plan Consistency](#) states, "if a zoning map amendment is adopted and the action was deemed inconsistent with the adopted plan, the zoning amendment has the effect of also amending any future land-use map in the approved plan, and no additional request or application for a plan amendment is required."



Excerpt from Figure 4.4 in the CSP

The Comprehensive Sustainability Plan is available online at <https://www.hillsboroughnc.gov/home/showpublisheddocument/572/638556087250230532>.

Joint public hearings

Under the North Carolina General Statutes, public hearings are required for zoning map amendments (*i.e.*, rezonings) and annexation requests. The public hearing was opened on April 18, 2024, and continued to May 16, 2024. The approved minutes for the April 18th hearing are available online at <https://mccmeetings.blob.core.usgovcloudapi.net/hillsbrnc-pubu/MEET-Minutes-149f3b7cd6f542f3a6bf8dbc6ac55f01.pdf>. The draft minutes for May 16th are included in this agenda packet under Item 3.

Planning Board review and recommendation

Under the North Carolina General Statutes, the Planning Board is to offer comment to the Board of Commissioners on zoning amendments (see [NC GS § 160D-604 \(b\) Planning Board review and comment – Zoning Amendments](#)).

Since this is a planned development, which is a type of conditional zoning district, the town and the applicant may agree to various conditions of approval for the project pursuant to [NC GS § 160D-703 \(b\) Zoning districts – Conditional Districts](#). A draft set of conditions is included as **Attachment 5**.

The Planning Board is to make a recommendation to the Board of Commissioners about whether to approve the rezoning request, but not the annexation (annexations are not subject to Planning Board review and comment). As part of this recommendation, the Planning Board may comment on the draft conditions and recommend additional ones. Ultimately, the applicant and the Board of Commissioners will negotiate the conditions, and both parties must agree to the conditions for the zoning amendment to be approved.

Please note that this proposal is for annexation and rezoning (*i.e.*, land use). The submitted Master Plan is therefore broad and covers allowable land uses, general development standards, and a conceptual layout. Detailed development plans (*e.g.*, site plans, construction drawings) are not submitted at this stage. The applicant will submit detailed plans for staff review and approval later should the annexation and rezoning requests be approved.

Board of Commissioners decision

The Board of Commissioners is tentatively scheduled to vote on this proposal on August 12, 2024.

**Item 5A
Attachment 7**

Executive Summary

Capkov Ventures, Inc. has plans to develop a mixed-use development along NC 86 and Waterstone Drive in Hillsborough, North Carolina (Figure 1). The development is planned to be constructed in phases, with Phase 1 completed by 2027 and the full build-out of the development by 2033. The site will provide townhomes, apartments, general office, medical office, and neighborhood retail.

Project Background

The proposed Capkov Waterstone development was analyzed in two (2) different phases. Phase 1 of the development is anticipated to be completed by 2027 and includes the following land use totals.

- › 205 Townhomes
- › 20,000 square feet (sf) Retail

The full build-out of the development is anticipated to be completed by 2033 and will construct the following additional land uses.

- › 20,000-sf Retail
- › 450 Apartments
- › 100,000-sf General Office
- › 100,000-sf Medical Office

The development plans to provide two (2) driveways on NC 86 and two (2) driveways on Waterstone Drive. The following summarizes the location of each planned access point:

- › Future Access #1, full movement access on NC 86, approximately 2,650 feet south of Waterstone Drive to be construction during Phase 1.
- › Future Access #2, full movement access on NC 86, approximately 1,900 feet south of Waterstone Drive to be constructed during Phase 1.
- › Future Access #3, full movement access on Waterstone Drive, approximately 950 feet west of NC 86 to be constructed after Phase 1.
- › Future Access #4, right-in/right-out access on Waterstone Drive, approximately 1,550 feet west of NC 86 to be constructed after Phase 1.

As determined through the project scoping process with the North Carolina Department of Transportation (NCDOT) and the Town of Hillsborough, the following intersections were included in the study area and analyzed for existing and future conditions, as applicable:

- › Old NC 86 (SR 1009) and I-40 Eastbound Ramps (unsignalized, future signalized)
- › Old NC 86 (SR 1009) and I-40 Westbound Ramps (unsignalized, future signalized)
- › Old NC 86 (SR 1009) and Waterstone Drive/ Rippy Lane (SR 1224) (signalized)
- › Old NC 86 (SR 1009) and Cates Creek Parkway/ Lafayette Drive (unsignalized)
- › NC 86 and Waterstone Drive (signalized)
- › NC 86 and New Hope Church Road (SR 1723) (signalized)
- › Waterstone Drive and Hospital East Driveway/ Summit Trail Drive (unsignalized)
- › NC 86 and Future Access #1 (future unsignalized)
- › NC 86 and Future Access #2 (future unsignalized)
- › Waterstone Drive and Future Access #3 (future unsignalized)
- › Waterstone Drive and Future Access #4 (future unsignalized)

The development is planned to be analyzed in multiple build phases. The following six (6) scenarios are proposed to be analyzed for AM and PM peak hour conditions:

- › Existing (2023) Conditions
- › No-Build (2027) Conditions
- › Phase 1 (2027) Conditions
- › No-Build (2033) Conditions
- › Build-out (2033) Conditions
- › Build-out (2033) Conditions with Improvements

The Existing (2023) scenario includes typical weekday AM and PM peak hour analysis based on turning movement count data collected in October 2022 and April 2023. For any turning movements collected prior to 2023, an annual growth rate of one percent (1%) was applied to the volumes. The No-Build (2027) and No-Build (2033) scenarios include existing traffic with an annual projected background growth rate of one percent (1%) applied in addition to site trips that were identified from two (2) nearby background developments. The Phase 1 (2027) scenario includes No-Build (2027) volumes with the addition of site trips generated by only Phase 1 of the proposed development, and the Build-out (2033) scenario includes No-Build (2033) volumes with the addition of site trips generated by the full build-out of the development. Potential offsite roadway and traffic control improvements with the complete development in place are accounted for within Build-out (2033) with Improvements scenario.

Existing (2023) Conditions

Existing analyses were conducted based on current roadway geometrics and intersection turning movement counts collected in October 2022 and April 2023. Turning movements for the intersection

of Old NC 86 (SR 1009) and Cates Creek Parkway/ Lafayette Drive were grown to 2023 using an annual growth rate of one percent (1%).

As reported in the Summary Level of Service (LOS) table on page viii, the existing signalized intersections are operating at LOS C or better during both peak hours. The stop-controlled eastbound I-40 off-ramp is operating at LOS F during the AM peak hour and LOS E during the PM peak hour. Stop-controlled eastbound Lafayette Drive at Old NC 86 is operating at LOS F during both peak hours, and stop-controlled eastbound Waterstone Drive at NC 86 is operating at LOS E during the PM peak hour.

No-Build (2027) Conditions

An annual growth rate of one percent (1%) was applied to the Existing (2023) peak hour volumes to calculate the expected background growth within the study area. Two (2) background developments are expected to be completed before the construction of Phase 1 of the Capkov Waterstone development. The peak hour site trips from these developments were included in the No-Build (2027) volume calculations:

- › Cates Creek Multifamily
- › Research Triangle Logistics Park

One (1) background roadway improvement project was identified in the study area to be completed before the completion of Phase 1. NCDOT STIP No. I-3306A is widening I-40 from across Orange County but is also providing interchange improvements at Old NC 86. The project plans to provide additional turn lanes and signalize both ramp intersections. The widening project is currently under construction and should be completed before Phase 1 of the development is complete.

As shown on the Summary LOS table on page viii, all signalized intersections within the study area are expected to operate at LOS D or better during both peak hours. Eastbound stop-controlled Lafayette Drive and westbound Cates Creek Parkway are projected to operate at LOS F during both peak hours. Stop-controlled eastbound Waterstone Drive at NC 86 is expected to operate at LOS F during the PM peak hour only.

Phase 1 (2027) Trip Generation

The Capkov Waterstone development was analyzed in two (2) different build phases. Trip generation for Phase 1 was conducted based on the most appropriate corresponding trip generation codes included in the *ITE Trip Generation Manual, 11th Edition* and the suggested method of calculation in the NCDOT's *"Rate vs. Equation" Spreadsheet*. Phase 1 proposes to build up to 205 townhomes and 20,000-sf of neighborhood retail space. ITE Land Use Code (LUC) 215 (Single-Family Attached Housing) and LUC 822 (Strip Retail Plaza (<40k)) were used based on the NCDOT guidance. Internal capture was calculated based on the NCHRP 684 method and NCDOT Internal Capture spreadsheet.

As a result, Phase 1 of the Capkov Waterstone development is projected to generate 2,465 daily external site trips, with 145 trips (52 entering, 93 exiting) occurring in the AM peak hour and 233 trips (127 entering, 106 exiting) occurring in the PM peak hour. The external site trips were apportioned

as pass-by and non-pass-by trips based on NCDOT and ITE guidance. The generated site trips were distributed in accordance with the existing turning movement counts and land uses.

Phase 1 (2027) Conditions

The Phase 1 (2027) conditions account for both the No-Build (2027) traffic and the site traffic generated by Phase 1 of the proposed development.

As shown on the Summary LOS table on page viii, with the addition of site trips, all signalized intersections within the study area are expected to maintain operations at LOS D or better during both peak hours. Stop-controlled eastbound Lafayette Drive and stop-controlled westbound Cates Creek Parkway are expected to continue to operate at LOS F during both peak hours. Stop-controlled eastbound Waterstone Drive is expected to continue to operate at LOS F during only the PM peak hour. Both future access driveways along NC 86 are projected to operate at LOS C during both peak hours.

No-Build (2033) Conditions

To calculate the No-Build (2033) volumes, an annual growth rate of one percent (1%) was applied to the Existing (2023) volumes to calculate the background growth in the study area in addition to site trips from background developments assumed within the No-Build (2027) scenario. No additional background developments were identified to be included in the No-Build (2033) volume calculations.

One (1) additional background roadway improvement project was identified in the study area that is expected to be constructed before the full build-out of the development is completed. NCDOT STIP No. U-5845 plans to widen Old NC 86 (SR 1009) from I-40 to the Eno River to provide a four-lane cross-section.

As shown on the Summary LOS table on page viii, all signalized intersections within the study area are expected to operate at LOS D or better during both peak hours. Eastbound stop-controlled Lafayette Drive and westbound Cates Creek Parkway are projected to operate at LOS F during both peak hours. Stop-controlled eastbound Waterstone Drive at NC 86 is expected to operate at LOS E during the AM peak hour and LOS F during the PM peak hour.

Build-out (2033) Trip Generation

Trip generation for the full build-out of the development was conducted based on the most appropriate corresponding trip generation codes included in the *ITE Trip Generation Manual, 11th Edition* and the suggested method of calculation in the NCDOT's "Rate vs. Equation" Spreadsheet. The full build-out of the Capkov Waterstone development proposes to build a maximum of 205 townhomes, 450 apartments, 100,000-sf general office, 100,000-sf medical office, and 40,000-sf neighborhood retail. ITE Land Use Code (LUC) 215 (Single-Family Attached Housing), LUC 220 (Multifamily Housing (Low-Rise)), LUC 710 (General Office), LUC 720 (Medical-Dental Office), and LUC 822 (Strip Retail Plaza (<40K)) were used based on the NCDOT guidance. Internal capture was

calculated based on the NCHRP 684 method and the NCDOT Internal Capture calculation spreadsheet.

As a result, the Waterstone Capkov development is projected to generate 11,187 external daily weekday site trips, with 695 external trips (422 entering, 273 exiting) occurring in the AM peak hour and 1,107 external trips (456 entering, 651 exiting) occurring in the PM peak hour. The external site trips were apportioned as pass-by and non-pass-by trips based on NCDOT and ITE guidance. The generated site trips were distributed in accordance with the existing turning movement counts and land uses.

Build-out (2033) Conditions

The Build-out (2033) conditions account for both the No-Build (2033) traffic and site traffic generated by the full build-out of the proposed development.

As shown on the Summary LOS table on page viii, with the addition of site trips, the signalized intersection of NC 86 and New Hope Church Road is expected to operate at LOS F during the AM peak hour. All other study area signalized intersections are projected to operate at LOS C or better during both peak hours. Stop-controlled eastbound Lafayette Drive and stop-controlled westbound Cates Creek Parkway are expected to operate at LOS F during both peak hours. Stop-controlled eastbound Waterstone Drive at NC 86 is projected to operate at LOS F during both peak hours. Stop-controlled future Access #1 is projected to operate at LOS E during the AM peak hour and LOS F during the PM peak hour, and stop-controlled Future Access #2 and Future Access #3 are projected to operate at LOS E during the PM peak hour.

Roadway Improvement Recommendations

Phase 1 (2027)

As indicated in the traffic capacity analyses, Phase 1 of proposed development is projected to have a minimal impact on the traffic operations at the study area intersections. Therefore, no offsite improvements are recommended with the construction of only Phase 1. The following outlines the recommended lane configurations for each driveway connection that is proposed with Phase 1.

NC 86 and Future Access #1

Stop-controlled Future Access #1 is expected to operate at LOS C during the AM and PM peak hours under Phase 1 (2027) conditions. While some turn lanes along NC 86 may not be warranted with only site traffic from Phase 1 in place, this driveway should be designed to account for future phases of development. The following lane configurations are recommended for the driveway connection:

- › Construct Future Access #1 as full movement access with a single ingress lane and two egress lanes with a continuous left-turn lane and exclusive right-turn lane with at least 100 feet and appropriate taper. Provide an internal protected stem (IPS) of 100 feet for Future Access #1.
- › Provide a northbound left-turn lane along NC 86 with at least 100 feet of storage and appropriate taper.

- › Provide a southbound right-turn lane along NC 86 with at least 100 feet of storage and appropriate taper.

NC 86 and Future Access #2

Stop-controlled Future Access #2 is expected to operate at LOS C during the AM and PM peak hours under Phase 1 (2027) conditions. While some turn lanes along NC 86 may not be warranted with only site traffic from Phase 1 in place, this driveway should be designed to account for future phases of development. The following lane configurations are recommended for the driveway connection:

- › Construct Future Access #2 as full movement access with a single ingress lane and two egress lanes with a continuous left-turn lane and exclusive right-turn lane with at least 100 feet and appropriate taper. Provide an internal protected stem (IPS) of 100 feet for Future Access #2.
- › Provide a northbound left-turn lane along NC 86 with at least 100 feet of storage and appropriate taper.
- › Provide a southbound right-turn lane along NC 86 with at least 100 feet of storage and appropriate taper.

Build-out (2033)

The full build-out of the development is expected to impact operations within the surrounding roadway network with the additional site traffic. The following offsite roadway improvements are recommended with the full build-out of the development.

NC 86 and Waterstone Drive

The existing stop-controlled approach is expected to operate at LOS F during both peak hours under Build-out (2033) conditions. The following improvements should be implemented with the full build-out of the development:

- › Monitor the intersection for signalization, and when warranted and approved install a traffic signal.

NC 86 and New Hope Church Road (SR 1723)

The existing signalized intersection is expected to deteriorate to LOS F during the AM peak hour under Build-out (2033) conditions. The following improvements should be implemented with the full build-out of the development.

- › Construct an exclusive southbound right-turn lane along NC 86 with at least 150 feet of storage and appropriate taper.
- › Construct an exclusive westbound left-turn lane along New Hope Church Road with at least 200 feet of storage and appropriate taper.

No additional lane configuration or traffic control improvements are recommended for either Future Access #1 or Future Access #2 along NC 86 with the additional development in place. Operations along Future Access #1 and Future Access #2 are expected to degrade to LOS E or worse during at least one peak hour; however, peak hour signal warrants are not expected to be met for either driveway. Additionally, significant queueing is not expected along either driveway approach. The following is recommended for the proposed driveway connections along Waterstone Drive.

Waterstone Drive and Future Access #3

Stop-controlled Future Access #3 is expected to operate at LOS C during the AM peak hour and LOS E during the PM peak hour under Build-out (2033) conditions. The Future Access #3 connection is proposed to provide full movement access which would necessitate a new opening in the median along Waterstone Drive. This new median opening should meet the NCDOT's guidelines for median opening spacing and will promote the potential for development on the north side of Waterstone Drive. The following lane configurations are recommended for the driveway connection:

- › Construct Future Access #3 as full movement access with a single ingress lane and two egress lanes with a continuous left-turn lane and exclusive right-turn lane with at least 100 feet and appropriate taper. Provide an internal protected stem (IPS) of 100 feet for Future Access #3.
- › Provide a westbound left-turn lane along Waterstone Drive with at least 100 feet of storage and appropriate taper.
- › Provide an eastbound right-turn lane along Waterstone Drive with at least 100 feet of storage and appropriate taper.

Waterstone Drive and Future Access #4

Stop-controlled Future Access #4 is expected to operate at LOS B during the AM and PM peak hours under Build-out (2033) conditions. The following lane configurations are recommended for the driveway connection:

- › Construct Future Access #4 as a right-in/right-out only access with a single ingress lane and single egress lane. Provide an internal protected stem (IPS) of 100 feet for Future Access #4.

Additional Discussion

Old NC 86 (SR 1009) and Cates Creek Parkway/ Lafayette Drive

The stop-controlled approaches along Cates Creek Parkway and Lafayette Drive are projected to operate at LOS F during both peak hours under No-Build (2027) conditions. No improvements are recommended for the intersection for this development since the site is not anticipated to generate vehicular traffic along either stop-controlled approach. This intersection is within the NCDOT STIP No. U-5845 project study area, and the intersection is being studied and improved with that project.

Additional analysis may be needed to assess the timing for improvements recommended within the Build-out (2033) analysis. Improvements may be needed either with the completion of development along NC 86 or not until later portions of development occur along Waterstone Drive. Future phasing studies may be necessary to better define the timing of these improvements.

The summary of LOS results for all scenarios are shown in Table ES-1. The future lane configurations and traffic control at the study area intersections with Phase 1 and the full build-out of the development are shown in Figure ES-1 and Figure ES-2, respectively.

Table ES-1 Summary Level of Service Table

Intersection and Approach	Traffic Control	Existing (2023)		No-Build (2027)		Phase 1 (2027)		No-Build (2033)		Build-out (2033)		Build-out (2033) with Improvements	
		AM	PM	AM	PM	AM	PM	AM	PM	AM	PM	AM	PM
Old NC 86 and I-40 EB Ramps	Unsignalized/ Signalized	-	-	C	B	C	B	C	C	C	C	C	C
		F-129.8	E-38.3	C-33.5	C-32.3	C-33.5	C-32.4	C-34.4	D-36.0	C-31.8	D-38.9	D-38.9	D-38.9
		---	---	C-26.1	C-20.5	C-22.9	C-23.0	C-24.2	C-23.0	C-24.2	C-23.0	C-23.0	C-23.0
Old NC 86 and I-40 WB Ramps	Unsignalized/ Signalized	---	---	C-21.6	B-16.4	C-21.6	B-16.4	B-18.4	B-18.5	C-20.2	B-19.9	C-20.2	B-19.9
		-	-	B	A	B	A	B	B	B	B	B	B
		C-18.6	C-20.6	A-5.7	A-0.5	A-5.7	A-0.5	B-17.5	A-3.0	B-12.9	A-3.0	B-12.9	A-3.0
Old NC 86 and Waterstone Drive/ Rippy Lane	Signalized	---	---	A-9.3	A-6.0	A-9.3	A-5.9	A-9.3	A-9.4	A-9.2	A-9.4	A-9.2	A-9.4
		B	B	B	B	B	B	B	B	B	B	B	B
		(13.8)	(15.0)	(14.3)	(15.8)	(14.5)	(15.9)	(14.8)	(16.2)	(15.5)	(18.3)	(15.5)	(18.3)
Old NC 86 and Cates Creek Parkway/ Lafayette Drive	Unsignalized	C-29.5	C-30.0	C-31.5	C-35.0	C-32.0	D-35.5	C-33.5	D-37.0	D-35.5	D-35.5	D-35.5	D-35.5
		B-19.5	C-21.8	C-21.6	C-24.9	C-21.7	C-24.9	C-22.4	C-25.8	C-23.0	C-27.8	C-23.0	C-27.8
		B-13.7	B-14.3	B-14.1	B-14.5	B-14.2	B-14.6	B-14.4	B-14.7	B-14.5	B-15.3	B-14.5	B-15.3
Old NC 86 and Cates Creek Parkway/ Lafayette Drive	Unsignalized	B-11.5	B-10.6	B-11.7	B-11.0	B-11.8	B-11.2	B-12.0	B-11.3	B-12.8	B-13.0	B-12.8	B-13.0
		-	-	-	-	-	-	-	-	-	-	-	-
		F-67.0	F-63.6	F-180.6	F-175.3	F-180.7	F-185.3	F-82.6	F-74.9	F-98.5	F-94.6	F-98.5	F-94.6
NC 86 and New Hope Church Road	Signalized	C-20.7	C-20.2	F-144.1	F-79.4	F-149.2	F-82.3	F-67.3	F-55.0	F-78.5	F-68.7	F-78.5	F-68.7
		C	B	D	B	D	B	D	B	F	D	D	C
		(33.3)	(15.7)	(41.2)	(16.4)	(47.8)	(18.7)	(48.6)	(17.5)	(83.1)	(46.7)	(50.8)	(25.0)
NC 86 and Waterstone Drive	Unsignalized	D-48.6	B-18.1	E-62.8	B-19.3	E-77.7	C-21.8	E-74.0	C-20.2	F-142.3	F-86.9	F-92.1	D-36.0
		D-43.4	B-13.7	D-54.5	B-14.3	D-49.2	B-14.7	E-55.3	B-14.4	D-43.9	C-21.9	C-33.2	B-15.8
		A-8.8	B-15.5	A-9.0	B-16.0	B-11.4	B-17.6	B-11.8	B-17.4	B-14.9	B-16.6	B-17.6	C-22.7
NC 86 and Future Access #1	Unsignalized	C-29.7	B-15.3	D-36.5	B-16.0	D-48.2	B-19.5	D-47.7	B-17.2	F-103.4	E-58.1	C-24.3	C-24.3
		-	-	-	-	-	-	-	-	-	-	C	(20.2)
		D-25.9	E-40.7	D-31.3	F-53.1	D-34.5	F-63.5	E-40.4	F-82.3	F-138.1	F-235.8	C-26.8	B-19.2
Waterstone Drive and Hospital East Driveway/ Summit Trail Drive	Unsignalized	---	---	---	---	---	---	---	---	---	---	C-21.1	B-18.0
		---	---	---	---	---	---	---	---	---	---	C-27.2	C-24.6
		B-11.5	B-10.9	B-11.8	B-11.3	B-11.8	B-11.4	B-11.8	B-10.9	B-12.5	B-13.6	B-12.5	B-13.6
NC 86 and Future Access #2	Unsignalized	B-12.8	B-12.9	B-13.4	B-13.4	B-13.7	B-13.7	B-13.4	B-12.9	C-20.9	C-18.1	C-20.9	C-20.9
		-	-	-	-	-	-	-	-	-	-	-	-
		---	---	---	---	C-20.9	C-18.2	---	---	E-37.8	F-86.4	E-40.9	F-86.4
Waterstone Drive and Future Access #3	Unsignalized	-	-	-	-	-	-	-	-	-	-	-	-
		---	---	---	---	C-18.5	C-15.7	---	---	D-29.3	E-38.0	D-31.1	E-38.0
		-	-	-	-	-	-	-	-	-	-	-	-
Waterstone Drive and Future Access #4	Unsignalized	---	---	---	---	---	---	---	---	C-20.2	E-45.8	C-21.7	E-45.8
		-	-	-	-	-	-	-	-	-	-	-	-
		---	---	---	---	---	---	---	---	B-10.0	B-10.2	B-10.2	B-10.2

X (XX.X) = Overall intersection LOS (average delay). X-XX = Approach LOS and average delay

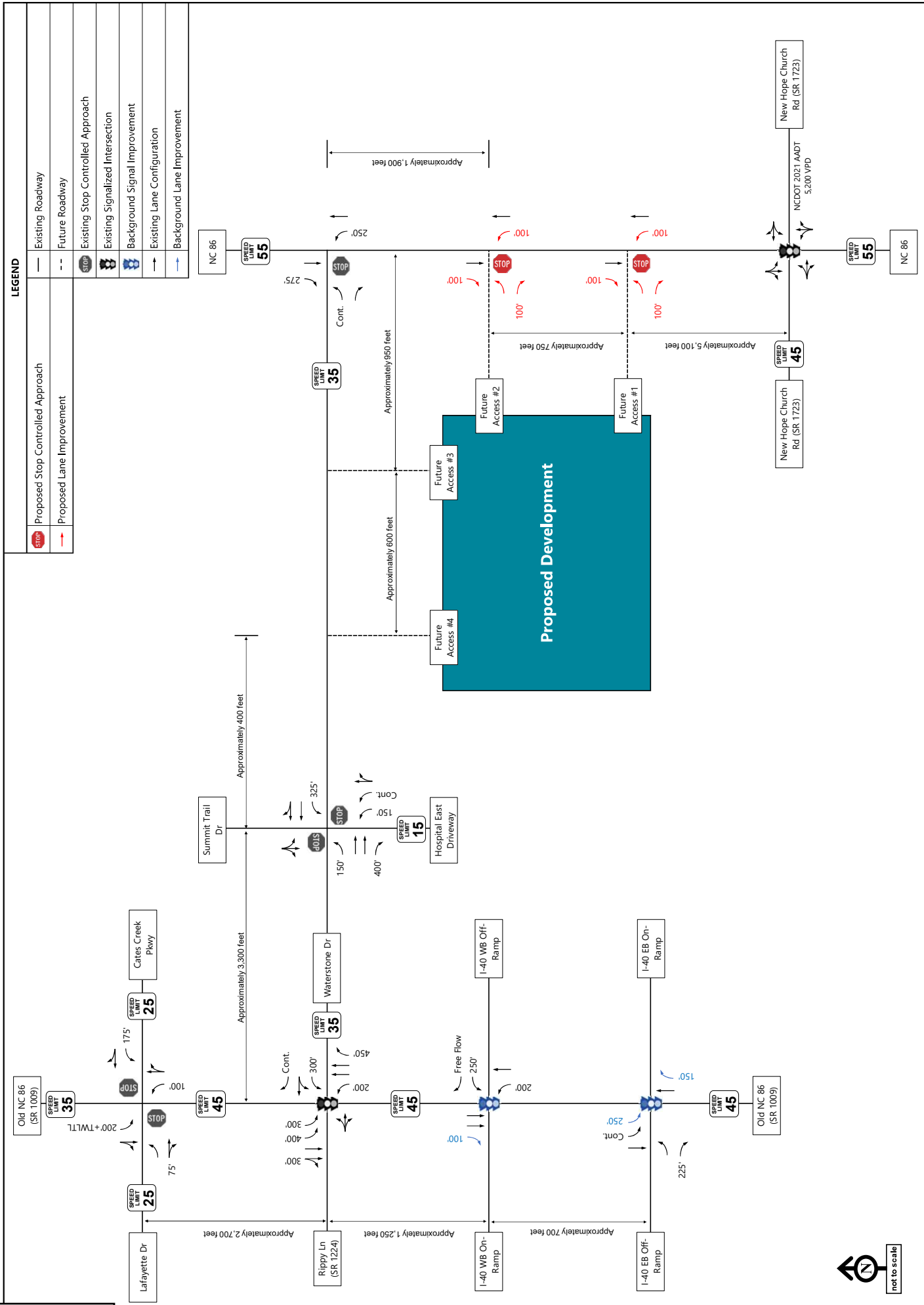


Figure ES-1

Phase 1 (2027) Lane Configurations and Traffic Control

Section 5, Item A.

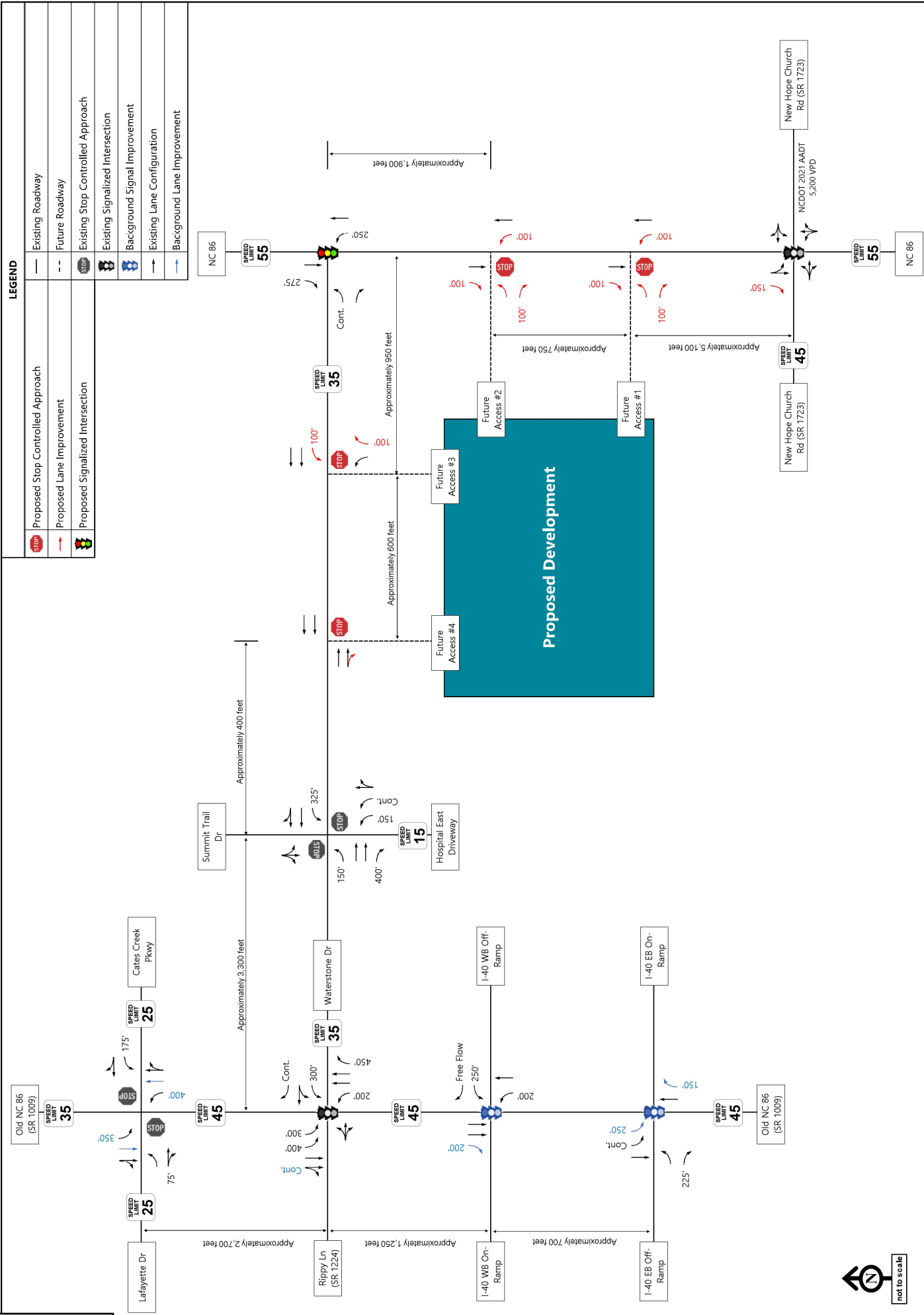


Figure ES-2

Build-out (2033) Lane Configurations and Traffic Control



STATE OF NORTH CAROLINA
DEPARTMENT OF TRANSPORTATION

ROY COOPER
GOVERNOR

J. R. "JOEY" HOPKINS
SECRETARY

December 7, 2023

ORANGE COUNTY

Nathaniel Rhomberg, PE
VHB Engineering
940 Main Campus Drive, Suite 500
Raleigh, NC 27606

Subject: Proposed Capkov Waterstone Mixed Use Development
Located on NC 86 and Waterstone Drive (Municipal)
Review of Transportation Impact Analysis (TIA)

Dear Mr. Rhomberg,

NCDOT staff has performed a review of the TIA and preliminary concept site plan enclosed therein. Based on the submitted information and upon conferring with Town staff, we offer the following comments.

General:

The proposed development is located on the southwest corner of the intersection of NC 86 and Waterstone Drive. The development is planned to be developed in two phases with phase one completed in 2027 and full buildout by 2033. Phase one consists of 205 townhomes and 20,000 SF of retail. Phase one is expected to generate approximately 2600 unadjusted daily trips. Phase two will add 20,000 SF of retail, 450 apartments, 100,000 SF of general office and 100,000 SF of medical office. Upon full buildout, the site is expected to generate approximately 12,000 unadjusted daily trips. Proposed development access consists of the following:

- Future Access #1, full movement access on NC 86, approximately 2,650 feet south of Waterstone Drive to be construction during Phase 1.
- Future Access #2, full movement access on NC 86, approximately 1,900 feet south of Waterstone Drive to be constructed during Phase 1.

Mailing Address:
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DIVISION 7, DISTRICT 1
PO BOX 766
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Customer Service: 1-877-368-4968

Location:
115 EAST CRESCENT SQUARE DRIVE
GRAHAM, NC 27253

Website: www.ncdot.gov

- Future Access #3, full movement access on Waterstone Drive, approximately 950 feet west of NC 86 to be constructed after Phase 1.
- Future Access #4, right-in/right-out access on Waterstone Drive, approximately 1,550 feet west of NC 86 to be constructed after Phase 1.

Findings and Recommendations and Analysis Updates:

We concur with the findings and recommendations contained in the TIA. However, due to the extended buildout period of the proposed development, updates to the TIA prior to proceeding with Phase 2 will be required in order to ensure an accurate assessment of future conditions.

Required Improvements:

As a condition of the pending NCDOT driveway permit, the following are the improvements that the applicant is required to construct to mitigate the anticipated site traffic impacts and to ensure acceptable operation at the various study intersections.

Phase 1 :

NC 86 and Future Access #1:

- Construct Future Access #1 as a stop controlled, full movement access with a single ingress lane and two egress lanes with a continuous left-turn lane and exclusive right-turn lane with at least 100 feet of storage and appropriate transitions.
- Provide an internal protected stem (IPS) of 100 feet for Future Access #1.
- Provide a northbound left-turn lane along NC 86 with at least 100 feet of storage and appropriate transitions.
- Provide a southbound right-turn lane along NC 86 with at least 100 feet of storage and appropriate transitions.

NC 86 and Future Access #2:

- Construct Future Access #2 as a stop controlled, full movement access with a single ingress lane and two egress lanes with a continuous left-turn lane and exclusive right-turn lane with at least 100 feet and appropriate transition.
- Provide an internal protected stem (IPS) of 100 feet for Future Access #2.
- Provide a northbound left-turn lane along NC 86 with at least 100 feet of storage and appropriate transition.
- Provide a southbound right-turn lane along NC 86 with at least 100 feet of storage and appropriate transition.

Phase 2:

NC 86 and Waterstone Drive:

- Monitor the intersection for signalization, and when warranted and approved install a traffic signal.

NC 86 and New Hope Church Road:

- Construct an exclusive southbound right-turn lane along NC 86 with at least 150 feet of storage and appropriate transition.
- Construct an exclusive westbound left-turn lane along New Hope Church Road with at least 200 feet of storage and appropriate transition.
- Modify traffic signal to accommodate revised intersection geometry.

Waterstone Drive and Future Access #3:

- Construct Future Access #3 as stop controlled, full movement access with a single ingress lane and two egress lanes with a continuous left-turn lane and exclusive right-turn lane with at least 100 feet and appropriate transitions.
- Provide an internal protected stem (IPS) of 100 feet for Future Access #3.
- Provide a westbound left-turn lane along Waterstone Drive with at least 100 feet of storage and appropriate transitions.
- Provide an eastbound right-turn lane along Waterstone Drive with at least 100 feet of storage and appropriate transitions.

Since Waterstone Drive is a municipal street, this access is subject to approval by the Town of Hillsborough.

Waterstone Drive and Future Access #4:

- Construct Future Access #4 as a right-in/right-out only access with a single ingress lane and single egress lane.
- Provide an internal protected stem (IPS) of 100 feet for Future Access #4.

Since Waterstone Drive is a municipal street, this access is subject to approval by the Town of Hillsborough.

Multi-modal and Streetscape Enhancements:

Any locally stipulated multi-modal enhancements including but not limited to sidewalk, bike lanes, bus pull offs, lighting, landscaping etc. on State maintained routes are subject to NCDOT requirements and approval through the encroachment process.

Cross-Access Connectivity:

Provision of cross access with the adjacent properties is encouraged to accommodate internal connectivity and improve distribution of existing and future traffic volumes on the adjacent public road network.

General Requirements:

It is necessary to obtain an NCDOT driveway permit and/or encroachment agreement(s) prior to performing work on the NCDOT right of way. As a condition of the agreement, the permittee shall be responsible for design and construction of the above stipulated improvements in accordance with NCDOT requirements. An approved permit will be issued upon receipt of applicable approved roadway and signal construction plans, and any necessary performance and indemnity bonds.

The applicant shall dedicate any additional right of way necessary to accommodate the required road improvements or future improvements as stipulated.

The applicant shall verify that the proposed street and driveway connections provide for adequate vertical and horizontal sight distances in accordance with NCDOT requirements.


Intersection radii and geometry shall be designed to accommodate turning movements of the largest anticipated vehicle.

All pavement markings shall be long life thermoplastic. Pavement markers shall be installed if they previously existed on the roadway.

The permittee shall be responsible for the installation and relocation of any additional highway signs that may be necessary due to these improvements and shall comply with the requirements of the MUTCD.

Feel free to contact me if you have any questions.

Sincerely,

DocuSigned by:

C60BB6060F8A458...

C. N. Edwards Jr., PE
District Engineer

Cc: D.M. McPherson, Division Traffic Engineer
Town of Hillsborough

**Item 5A
Attachment 8**

FISCAL BENEFITS AND ECONOMIC IMPACTS

WATERSTONE SOUTH

**TOWN OF HILLSBOROUGH, NC
ORANGE COUNTY, NC**

SEPTEMBER 30, 2022

**PREPARED FOR:
CAPKOV VENTURES, INC.**

PREPARED BY:



Orange County, CA
Sarasota, FL

Sacramento, CA
Research Triangle, NC

Austin, TX

Amelia Island, FL
Dallas, TX

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SUMMARY OF FISCAL AND ECONOMIC BENEFITS

Capkov Ventures, Inc. is seeking approval from the Town of Hillsborough, North Carolina ("Town") for a mixed-use, master-planned community referred to as Waterstone South ("Project"). At full buildout, the Project will include 655 apartment and townhome units, 200,000 square feet of medical office space, and 40,000 square feet of retail, restaurant, and day care space.

Key fiscal and economic benefits of the Project at buildout are highlighted below.

FISCAL BENEFITS – TOWN OF HILLSBOROUGH

	Phase 1	Phase 2	Total
Generate real property tax base	\$ 117,100,000	\$ 124,425,000	\$ 241,525,000
Commercial as % of Total Tax Base	46%	36%	41%
Generate annual real property tax revenue	\$ 666,000	\$ 708,000	\$ 1,375,000
Generate total annual general fund revenues	\$ 912,000	\$ 1,000,000	\$ 1,912,000

FISCAL BENEFITS – ORANGE COUNTY

	Phase 1	Phase 2	Total
Generate real property tax base	\$ 117,100,000	\$ 124,425,000	\$ 241,525,000
Generate annual real property tax revenue	\$ 965,000	\$ 1,026,000	\$ 1,992,000
Generate total annual general fund revenues	\$ 1,172,000	\$ 1,265,000	\$ 2,437,000

ECONOMIC IMPACT

At buildout, the operating activities of the new businesses in Waterstone South and the occupancy of the new residential units are expected to:

- Create total annual economic impact, in terms of output, of \$220.4 million
- Create 1,014 direct onsite permanent jobs in the Town of Hillsborough
- Create 1,647 total permanent jobs in the local area
- Create total annual labor income of \$104.3 million in the local area

The local spending by the new businesses and residents of Waterstone South will be a boon to existing Hillsborough businesses.

INTRODUCTION

The proposed development program for the Project is presented in Table 1.

Table 1: Waterstone South Development Program

	Phase 1	Phase 2	Total
Residential Product Type	Units	Units	Units
Apartments	225	225	450
Townhomes	70	135	205
Total	295	360	655
Non-Residential Product Type	Square Feet	Square Feet	Square Feet
Medical Office	100,000	100,000	200,000
Retail	15,000	-	15,000
Restaurant	15,000	-	15,000
Day Care	10,000	-	10,000
Total	140,000	100,000	240,000

Source: Capkov Ventures, Inc., DPGF, 2022

The 655 residential units are projected to generate 1,131 new residents as shown in Table 2.

Table 2: Waterstone South Population Projection

Residential Product	Units	Persons per Housing Unit	Projected Population
Apartments	225	1.70	382
Townhomes	70	1.79	125
Phase 1 Total	295		507
Apartments	225	1.70	382
Townhomes	135	1.79	242
Phase 2 Total	360		624
Grand Total	655		1,131

Source: Capkov Ventures, Inc., 2020 ACS 5-Year Estimates, DPGF, 2022

As shown in Table 3, the non-residential land uses are projected to generate 1,014 new onsite employees. Most of the new jobs are high-paying medical jobs, but new job demand also includes jobs across all wage ranges.

Table 3: Waterstone South New Employment Projection

Non-Residential Land Uses	Square Feet	Occupancy %	Occupied Sq. Ft.	Sq Ft per Employee	New FTE Employees	FTE Conversion Factor	Total New Employees
Medical Office	100,000	100%	100,000	250	400	0.9124	438
Retail	15,000	100%	15,000	420	36	0.8571	42
Restaurant	15,000	100%	15,000	266	56	0.7925	71
Day Care	10,000	100%	10,000	450	22	0.8849	25
Phase 1 Total	140,000		140,000		514		576
Medical Office	100,000	100%	100,000	250	400	0.9124	438
Phase 2 Total	100,000		100,000		400		438
Grand Total	240,000		240,000		914		1,014

Source: Capkov Ventures, Inc., IMPLAN, ITE Trip Generation Manual 10th Edition, DPGF, 2022

This report analyzes the fiscal benefits and economic impacts generated by the Project on the Town of Hillsborough (“Town”) and Orange County (“County”). The key assumptions and methodologies used in the analysis are described in the Methodology section of this report. Supporting tables are provided in the Appendix.

FISCAL BENEFITS – TOWN OF HILLSBOROUGH

GENERAL FUND REVENUES

Property Taxes

The real property tax base of the Project at buildout of Phase 1 is projected to be \$117.1 million as shown in Table 4.

Table 4: Waterstone South Real Property Tax Base – Phase 1

Residential Land Use	Units	Market Value	Construction Price Index	Adjusted	Cost of Sales Factor	Tax Value (Jan 1, 2021)		%	
		per Unit (2022\$)				Per Unit	Tax Base		
Apartments	225	\$ 230,000	0.918	\$ 211,000	5%	\$ 200,000	\$ 45,000,000	54%	
Townhomes	70	\$ 350,000	0.774	\$ 271,000	6%	\$ 255,000	17,850,000		
Phase 1 Total	295						\$ 62,850,000		
Non-Residential Land Use					Sq. Ft.	Tax Value (Jan 1, 2021) Per Sq. Ft.			Tax Base
Medical Office					100,000	\$ 450			\$ 45,000,000
Retail					15,000	\$ 250			3,750,000
Restaurant					15,000	\$ 250			3,750,000
Day Care					10,000	\$ 175			1,750,000
Phase 1 Total					140,000			\$ 54,250,000	46%
						Phase 1 Total		\$ 117,100,000	100%

Note: January 1, 2021 is the most recent Orange County reappraisal.

Source: Capkov Ventures, Inc., Orange County, DPGF, 2022

The real property tax base of the Project at buildout of Phase 2 is projected to be \$124.4 million as shown in Table 5.

Table 5: Waterstone South Real Property Tax Base – Phase 2

Residential Land Use	Units	Market Value		Construction Price Index	Adjusted	Cost of Sales Factor	Tax Value		
		per Unit (2022\$)					(Jan 1, 2021) Per Unit	Tax Base	
Apartments	225	\$ 230,000	0.918	\$ 211,000	5%	\$ 200,000	\$ 45,000,000	64%	
Townhomes	135	\$ 350,000	0.774	\$ 271,000	6%	\$ 255,000	34,425,000		
Phase 2 Total	360						\$ 79,425,000		
Non-Residential Land Use	Sq. Ft.	Tax Value				Tax Value		36%	
		(Jan 1, 2021)				(Jan 1, 2021)			
		Per Sq. Ft.		Per Sq. Ft.		Tax Base			
Medical Office	100,000	\$ 450		\$ 45,000,000					
Phase 2 Total	100,000			\$ 45,000,000					
		Phase 2 Total		\$ 124,425,000			100%		

Note: January 1, 2021 is the most recent Orange County reappraisal.

Source: Capkov Ventures, Inc., Orange County, DPGF, 2022

At buildout of Phases 1 and 2, the real property tax base is projected to exceed \$241.5 million with the commercial real property tax base comprising 41 percent of the total.

At buildout of Phase 1, the Project is expected to generate annual real property tax revenue of \$666,000 for the Town. Phase 2 is projected to generate annual real property tax revenue of \$708,000. In total, the Project is projected to generate annual real property tax revenue of nearly \$1.4 million. Annual real property tax revenue is shown in Table 6.

Table 6: Waterstone South Annual Real Property Tax Revenue - Town

Real Property Tax	Phase 1 Annual	Phase 2 Annual	Total Project Annual
Real Property Tax Base	\$ 117,100,000	\$ 124,425,000	\$ 241,525,000
Property Tax Rate per \$100 Valuation	0.5870	0.5870	0.5870
Annual Real Property Tax	\$ 687,000	\$ 730,000	\$ 1,418,000
Collection %	97.00%	97.00%	97.00%
Annual Real Property Tax Net of Collection %	\$ 666,000	\$ 708,000	\$ 1,375,000

Source: Capkov Ventures, Inc., Orange County, NC Department of Revenue, DPGF, 2022

At buildout of Phase 1, the Project is expected to generate annual business property tax revenue of \$28,000 for the Town. Phase 2 is projected to generate annual business property tax revenue of \$23,000. In total, the Project is projected to generate annual business property tax revenue of \$50,000. Annual business property tax revenue is shown in Table 7.

Table 7: Waterstone South Annual Business Property Tax Revenue - Town

Business Personal Property	Phase 1 Annual	Phase 2 Annual	Total Project Annual
Commercial Assessed Value	\$ 54,250,000	\$ 45,000,000	\$ 99,250,000
% Furniture and Equipment	9%	9%	9%
Business Personal Property Assessed Value	\$ 4,883,000	\$ 4,050,000	\$ 8,933,000
Property Tax Rate per \$100 Valuation	0.5870	0.5870	0.5870
Annual Business Personal Property Tax	\$ 29,000	\$ 24,000	\$ 52,000
Collection %	97.00%	97.00%	97.00%
Annual Business Property Tax Net of Collection %	\$ 28,000	\$ 23,000	\$ 50,000

Source: Capkov Ventures, Inc., Orange County, NC Department of Revenue, DPGF, 2022

At buildout of Phase 1, the Project is expected to generate annual motor vehicle property tax revenue of \$26,000 for the Town. Phase 2 is projected to generate annual motor vehicle property tax revenue of \$32,000. In total, the Project is projected to generate annual motor vehicle property tax revenue of \$58,000. Annual motor vehicle tax revenue is shown in Table 8.

Table 8: Waterstone South Annual Motor Vehicle Tax Revenue - Town

Motor Vehicle Property Tax	Phase 1 Annual	Phase 2 Annual	Total Project Annual
Motor Vehicle Tax Base			
Countywide Motor Vehicle Valuation	\$ 1,352,075,629	\$ 1,352,075,629	\$ 1,352,075,629
County Population	149,013	149,013	149,013
Motor Vehicle Tax Base per Capita	\$ 9,074	\$ 9,074	\$ 9,074
Watertone South Population	507	624	1,131
Watertone South Motor Vehicle Tax Base	\$ 4,600,518	\$ 5,662,176	\$ 10,262,694
Property Tax Rate per \$100 Valuation	0.5870	0.5870	0.5870
Annual Real Property Tax	\$ 27,000	\$ 33,000	\$ 60,000
Collection %	97.00%	97.00%	97.00%
Annual Motor Vehicle Tax Net of Collection %	\$ 26,000	\$ 32,000	\$ 58,000

Source: Orange County, NC Department of Revenue, DPGF, 2022

Local Option Sales Tax

The local sales and use taxes are levied by the Orange County Board of Commissioners and are collected by the State of North Carolina on behalf of Orange County. The local option sales tax rate of 2 cents consists of three separate taxes that are authorized by North Carolina General Statutes: Article 39 One-Cent tax, Article 40 One-Half Cent tax, and Article 42 One-Half Cent tax. Article 39 taxes are distributed back to counties based on a point-of-sale basis. Article 40 taxes are distributed back to counties on a statewide county per capita basis (with a factor adjustment applied). Article 42 taxes are distributed back to counties in the same manner as Article 39 taxes. Distributions of these funds are made to the Town monthly on a per capita basis.

For purposes of this analysis, it assumed the per capita taxable retail spending of Waterstone South residents will be consistent with that of the existing Town population.

Projected annual local option sales tax revenue is calculated in Table 9.

Table 9: Waterstone South Annual Local Option Sales Tax - Town

Local Option Sales Tax	Phase 1 Annual	Phase 2 Annual	Total Project Annual
Local Option Sales Tax	\$ 2,474,060	\$ 2,474,060	\$ 2,474,060
Town Population	9,681	9,681	9,681
Per Capita	\$ 256	\$ 256	\$ 256
Watertone South Resident Population	507	624	1,131
Total Sales Tax Revenue	\$ 130,000	\$ 160,000	\$ 290,000

Source: NC Department of Revenue, Town of Hillsborough, DPFG, 2022

Auto Decal Fees

The Town charges Auto Decal Fees of \$30 per vehicle. For purposes of this analysis, one vehicle per residential unit is assumed which is a conservative assumption.

Table 10: Waterstone South Annual Auto Decal Fees - Town

Auto Decal Fee	Phase 1 Annual	Phase 2 Annual	Total Project Annual
Vehicles in Waterstone South	295	360	655
Auto Decal Fees per Vehicle	\$ 30	\$ 30	\$ 30
Auto Decal Fee Revenue	\$ 9,000	\$ 11,000	\$ 20,000

Source: Town of Hillsborough, DPFG, 2022

Other General Fund Revenues

Projected other General Fund revenues are presented in Table 11.

Table 11: Waterstone South Annual Other General Fund Revenues - Town

Other Revenues	Phase 1 Annual	Phase 2 Annual	Total Project Annual
Intergovernmental - Est. Unrestricted	\$ 1,019,000	\$ 1,019,000	\$ 1,019,000
Total Other Revenue	\$ 1,019,000	\$ 1,019,000	\$ 1,019,000
Town Population	9,681	9,681	9,681
Per Capita	\$ 105	\$ 105	\$ 105
Watertone South Resident Population	507	624	1,131
Total Other Revenues	\$ 53,000	\$ 66,000	\$ 119,000

Source: NC Department of Revenue, Town of Hillsborough, DPFG, 2022

Stormwater Fees

The Town charges an annual stormwater fee of \$75 per residential property. Annual non-residential stormwater fees are subject to a fee schedule. Annual stormwater fees are estimated in Table 12.

Table 12: Waterstone South Annual Stormwater Fees - Town

Stormwater Fee	Phase 1 Annual	Phase 2 Annual	Total Project Annual
Residential			
Fee per Townhome	\$ 75	\$ 75	\$ 75
Watertone South Townhomes	70	135	205
Stormwater Fee Annual Revenue	\$ 5,000	\$ 10,000	\$ 15,000
Non-Residential (Apartments)			
	225	225	225
Tier 5, 200,000 sq. ft. and above	12,900	12,900	12,900
Parcels	1	1	2
Stormwater Fee Annual Revenue	\$ 13,000	\$ 13,000	\$ 26,000
Non-Residential (Medical Office and Retail)			
Tier 3, 30,001 to 100,000	1,800	1,800	1,800
Parcels	2	1	3
Stormwater Fee Annual Revenue	\$ 4,000	\$ 2,000	\$ 6,000
Total Stormwater Fee Annual Revenue	\$ 22,000	\$ 25,000	\$ 47,000

Source: Town of Hillsborough, DPFG, 2022

TOTAL ANNUAL GENERAL FUND REVENUES

At buildout, the Project is projected to generate annual general fund revenue of \$1.9 million for the Town.

Table 13: Waterstone South Annual General Fund Revenues - Town

General Fund Revenues	Phase 1 Annual Revenue	Phase 2 Annual Revenue	Total Annual Revenue
Property Tax - Real Property	\$ 694,000	\$ 731,000	\$ 1,425,000
Property Tax - Motor Vehicle	26,000	32,000	58,000
Local Option Sales Tax	130,000	160,000	290,000
Auto Decal Fees	9,000	11,000	20,000
Other Town Revenues	53,000	66,000	119,000
Annual General Fund Revenues	\$ 912,000	\$ 1,000,000	\$ 1,912,000

Stormwater Revenues	Phase 1 Annual Revenue	Phase 2 Annual Revenue	Total Annual Revenue
Stormwater Fees	22,000	25,000	47,000

Source: DPGF, 2022

FISCAL BENEFITS – ORANGE COUNTY

GENERAL FUND REVENUES

Property Taxes

As shown in Table 14, at buildout the Project is expected to generate annual real property tax revenue of almost \$2.0 million for the County.

Table 14: Waterstone South Annual Real Property Tax Revenue – Orange County

Real Property Tax	Phase 1 Annual	Phase 2 Annual	Total Project Annual
Real Property Tax Base	\$ 117,100,000	\$ 124,425,000	\$ 241,525,000
Property Tax Rate per \$100 Valuation	0.8312	0.8312	0.8312
Annual Real Property Tax	\$ 973,000	\$ 1,034,000	\$ 2,008,000
Collection %	99.20%	99.20%	99.20%
Annual Real Property Tax Net of Collection %	\$ 965,000	\$ 1,026,000	\$ 1,992,000

Source: Capkov Ventures, Inc., Orange County, NC Department of Revenue, DPGF, 2022

Projected annual business property tax revenue is shown in Table 15.

Table 15: Waterstone South Annual Business Property Tax Revenue – Orange County

Business Personal Property	Phase 1 Annual	Phase 2 Annual	Total Project Annual
Commercial Assessed Value	\$ 54,250,000	\$ 45,000,000	\$ 99,250,000
% Furniture and Equipment	9%	9%	9%
Business Personal Property Assessed Value	\$ 4,883,000	\$ 4,050,000	\$ 8,933,000
Property Tax Rate per \$100 Valuation	0.8312	0.8312	0.8312
Annual Business Personal Property Tax	\$ 41,000	\$ 34,000	\$ 74,000
Collection %	99.20%	99.20%	99.20%
Annual Business Property Tax Net of Collection %	\$ 41,000	\$ 34,000	\$ 73,000

Source: Capkov Ventures, Inc., Orange County, NC Department of Revenue, DPGF, 2022

As shown in Table 16, at buildout the Project is projected to generate annual motor vehicle tax revenue of \$85,000 for the County by vehicles owned by the new residents.

Table 16: Waterstone South Annual Motor Vehicle Tax Revenue – Orange County

Motor Vehicle Property Tax	Phase 1 Annual	Phase 2 Annual	Total Project Annual
Motor Vehicle Tax Base			
Countywide Motor Vehicle Valuation	\$ 1,352,075,629	\$ 1,352,075,629	\$ 1,352,075,629
County Population	149,013	149,013	149,013
Motor Vehicle Tax Base per Capita	\$ 9,074	\$ 9,074	\$ 9,074
Watertone South Population	507	624	1,131
Watertone South Motor Vehicle Tax Base	\$ 4,600,518	\$ 5,662,176	\$ 10,262,694
Property Tax Rate per \$100 Valuation	0.8312	0.8312	0.8312
Annual Real Property Tax	\$ 38,000	\$ 47,000	\$ 85,000
Collection %	99.40%	99.40%	99.40%
Annual Motor Vehicle Tax Net of Collection %	\$ 38,000	\$ 47,000	\$ 85,000

Source: Orange County, NC Department of Revenue, DPGF, 2022

Local Option Sales Tax

For purposes of this analysis, it assumed the per capita taxable retail spending of Waterstone South residents will be consistent with that of the existing Orange County population. The North Carolina General Statutes require that 30 percent of the Article 40 and 60 percent of the Article 42 sales tax revenue be earmarked for public school capital outlay or debt.

In addition to Articles 39, 40, and 42 sales tax, the County also levies the Article 46 One-Quarter cent sales and use tax. The proceeds of the Article 46 tax are allocated 50 percent to the County's two school systems and 50 percent to Economic Development initiatives.

A summary of the projected annual local option sales tax revenues is shown in Table 17. Detailed calculations are provided in the Appendix.

Table 17: Waterstone South Annual Local Option Sales Tax – Orange County

Local Option Sales Tax	Phase 1 Annual	Phase 2 Annual	Total Project Annual
Unrestricted	\$ 87,000	\$ 107,000	\$ 194,000
Restricted - School Capital or Debt	27,000	33,000	60,000
Restricted - Education	7,000	9,000	16,000
Restricted - Economic Development	7,000	9,000	16,000
Total	\$ 128,000	\$ 158,000	\$ 286,000

Source: Orange County, NC Department of Revenue, DPFG, 2022

In 2009, the North Carolina General Assembly ratified the Congestion Relief and Intermodal Transport Fund Act, allowing Orange, Durham, and Wake Counties to generate new revenue for transportation. These revenues include a one-half cent sales tax (Article 43 sales tax) which Orange County voters approved in 2012. A regional transportation public authority, known as GoTriangle, was created to help administer these revenues and work on public transit projects involving all three counties. Article 43 revenues are allocated by the North Carolina Department of Revenue to GoTriangle, which then allocates a portion of that money to Orange County through reimbursements for projects that either offer new public transit services or expand existing ones. Due to these restrictions, projected Article 43 sales tax revenues are excluded from this analysis.

TOTAL ANNUAL GENERAL FUND REVENUES

As shown in Table 18, at buildout the Project is projected to generate annual general fund revenue of \$2.4 million for the County.

Table 18: Waterstone South Annual General Fund Revenues - County

General Fund Revenues	Phase 1 Annual Revenue	Phase 2 Annual Revenue	Total Annual Revenue
Property Tax - Real Property	\$ 1,006,000	\$ 1,060,000	\$ 2,066,000
Property Tax - Motor Vehicle	38,000	47,000	85,000
Local Option Sales Tax			
Unrestricted	87,000	107,000	194,000
Restricted - School Capital or Debt	27,000	33,000	60,000
Restricted - Education	7,000	9,000	16,000
Restricted - Economic Development	7,000	9,000	16,000
Annual General Fund Revenues	\$ 1,172,000	\$ 1,265,000	\$ 2,437,000

Source: DPFG, 2022

ECONOMIC IMPACT

The development of Waterstone South impacts the Town's economy in two phases. The initial impact occurs during the construction of the new residential units and the commercial buildings. When construction is complete, the activities of the new businesses and the local spending by the new residents will impact the local economy on an ongoing basis.

PERMANENT ONGOING IMPACT – PHASE 1

As shown in Table 19, at buildout of Phase 1, the businesses in Waterstone South are projected to generate 576 direct onsite jobs. The new business activities combined with the new annual spending by the Project's Phase 1 residents are expected to support 885 total jobs and generate \$53.8 million in annual labor income in the local area.

Table 19: Waterstone South Permanent Ongoing Annual Economic Impact - Phase 1

Impact Type	Jobs	Labor Income	Value Added	Output
Direct Effect	576	\$40.1 Million	\$43.7 Million	\$68.0 Million
Indirect Effect	105	\$4.9 Million	\$7.5 Million	\$15.0 Million
Induced Effect	204	\$8.9 Million	\$18.6 Million	\$30.7 Million
Total Effect	885	\$53.8 Million	\$69.9 Million	\$113.7 Million

Source: IMPLAN, DPGF, 2022

PERMANENT ONGOING IMPACT – PHASE 2

As shown in Table 20, at buildout of Phase 2 the businesses in Waterstone South are projected to generate 438 direct onsite jobs. The new business activities combined with the new annual spending by the Project's Phase 2 residents are expected to support 762 total jobs and generate \$50.5 million in annual labor income in the local area.

Table 20: Waterstone South Permanent Ongoing Annual Economic Impact - Phase 2

Impact Type	Jobs	Labor Income	Value Added	Output
Direct Effect	438	\$36.2 Million	\$38.3 Million	\$59.0 Million
Indirect Effect	92	\$4.3 Million	\$6.5 Million	\$12.8 Million
Induced Effect	232	\$10.1 Million	\$21.3 Million	\$35.0 Million
Total Effect	762	\$50.5 Million	\$66.1 Million	\$106.7 Million

Source: IMPLAN, DPGF, 2022

PERMANENT ONGOING IMPACT – AT BUILDOUT

As shown in Table 21, at buildout the businesses in Waterstone South are projected to generate 1,014 direct onsite jobs. The new business activities combined with the new annual spending by the Project's residents are expected to support 1,647 total jobs and generate \$104.3 million in annual labor income in the local area.

Table 21: Waterstone South Permanent Ongoing Annual Economic Impact – At Buildout

Impact Type	Jobs	Labor Income	Value Added	Output
Direct Effect	1,014	\$76.2 Million	\$82.1 Million	\$127.0 Million
Indirect Effect	197	\$9.2 Million	\$14.1 Million	\$27.8 Million
Induced Effect	436	\$19.0 Million	\$39.9 Million	\$65.6 Million
Total Effect	1,647	\$104.3 Million	\$136.0 Million	\$220.4 Million

Source: IMPLAN, DPGF, 2022

Table 22 shows the top job demand by industry generated by the new annual spending. High-paying medical jobs are in demand as well as jobs across all wage ranges.

Table 22: Waterstone South Top Job Demand by Industry

Rank	Industry	Jobs
1	Medical office (offices of physicians)	907
2	Full-service restaurants	120
3	Other real estate	44
4	Retail - Food and beverage stores	39
5	All other food and drinking places	34
6	Child day care services	33
7	Limited-service restaurants	31
8	Personal care services	21

Source: IMPLAN, DPGF, 2022

KEY ASSUMPTIONS AND METHODOLOGY

KEY ASSUMPTIONS

Because substantial growth is projected for the Research Triangle area over the next decade, the residential and commercial impacts in this analysis are considered “new.” For example, even if new residents do not directly purchase or rent homes in the Project, vacancies left by existing residents will make existing units available for new residents. Likewise, population and job growth are expected to fuel the demand for the new commercial facilities in Waterstone South.

Market values for the residential properties in Waterstone South were estimated by Capkov Ventures, Inc. Residential market values were converted to taxable values by applying a (1) cost index to adjust values to the most recent County reappraisal (January 1, 2021) and (2) cost of sales factor. Non-residential tax values per product type were based on assessed values (January 1, 2021) of comparable Orange County properties.

All amounts in this report are presented in constant dollars (2022). Results are rounded to the nearest one thousand dollars (\$1,000). Tax rates in effect for the Fiscal Year 2022-2023 are also held constant in this analysis.

Supporting tables are provided in the Appendix.

ECONOMIC IMPACT METHODOLOGY

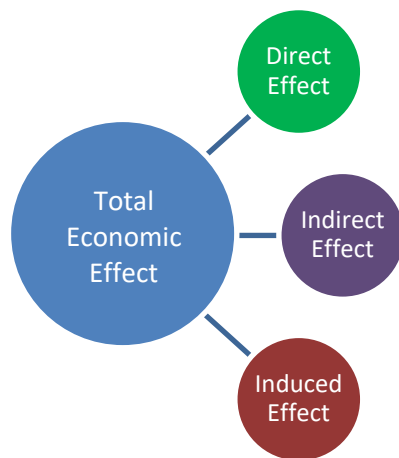
A key concept in economic impact analysis is that one form of economic activity almost always stimulates other economic activities. The total economic impact of a specific project or event on a study area is the sum of the direct, indirect and induced impacts.

Direct Impacts are the initial, immediate economic impacts (jobs and income) generated by a project or development. Direct impacts coincide with the first round of spending in the economy. For example, a new high-tech manufacturing facility that has a payroll of \$5 million and purchases \$5 million of goods and services from local suppliers would directly contribute \$10 million to the local economy. To determine direct economic impacts, it is ideal to use economic data supplied by the project's development team or financial information, if available, about similar projects implemented in similar communities. A common method of establishing direct impact parameters is to use available industry averages for the study area.

Indirect Impacts are the production, employment and income changes occurring in other businesses/industries in the community that supply inputs to the project's industry(s).

Induced Impacts are the effects of spending by the households in the local economy as a result of the direct and indirect effects from an economic activity. The induced effects arise when employees who are working for the project (i.e., new manufacturing facility) spend their new payroll dollars in the study area.

Figure 1: Components of Economic Impact Analysis



The primary economic benefits of Waterstone South will be experienced in the local area; however, benefits will also extend to the region and the state. In our experience with similar projects nationally, the smaller the study area, the more leakages (purchases and sales) occur outside the area. Fewer ripple effects occur inside the area thus multipliers and related impacts generally become larger as the geographic area increases in size. The study area for this report was limited to Orange County.

This analysis utilizes models generated by the IMPLAN modeling system. IMPLAN is a nationally recognized system of local economic models that are specifically designed to represent a local economy such as Orange County.

The economic impacts from the annual operations of the businesses proposed for Firefly Park were modeled using Industry Change, which is the increase or decrease in economic activity due to the expansion or change in production of new businesses. Instead of value of production or value added for the office and retail sectors, new employment by industry sector was used as a proxy for production changes.

In conjunction with this new employment as proxy for production change approach, direct full-time equivalent jobs were converted to total average annual jobs using the appropriate IMPLAN conversion factors. The resulting direct jobs were assigned to the various IMPLAN industry sectors based on a direct correlation (e.g., dental office) or were allocated proportionately based on existing industry sector employment.

GENERAL LIMITING CONDITIONS

Every reasonable effort has been made to ensure that the data contained in this report are accurate as of the date of this study; however, factors exist that are outside the control of DPFG and that may affect the estimates and/or projections noted herein. This study is based on estimates, assumptions and other information developed by DPFG from its independent research effort, general knowledge of the industry, and information provided by and consultations with the client and the client's representatives. No responsibility is assumed for inaccuracies in reporting by the client, the client's agent and representatives, or any other data source used in preparing or presenting this study.

This report is based on information that was current as of September 2022 and DPFG has not undertaken any update of its research effort since such date.

Because future events and circumstances, many of which are not known as of the date of this study, may affect the estimates contained therein, no warranty or representation is made by DPFG that any of the projected values or results contained in this study will actually be achieved.

Possession of this study does not carry with it the right of publication thereof or to use the name of DPFG in any manner without first obtaining the prior written consent of DPFG. No abstracting, excerpting or summarization of this study may be made without first obtaining the prior written consent of DPFG. This report is not to be used in conjunction with any public or private offering of securities, debt, equity, or other similar purpose where it may be relied upon to any degree by any person other than the client, nor is any third party entitled to rely upon this report, without first obtaining the prior written consent of DPFG. This study may not be used for purposes other than that for which it is prepared or for which prior written consent has first been obtained from DPFG. Any changes made to the study, or any use of the study not specifically prescribed under agreement between the parties or otherwise expressly approved by DPFG, shall be at the sole risk of the party making such changes or adopting such use.

This study is qualified in its entirety by, and should be considered in light of, these limitations, conditions and considerations.

APPENDIX

Appendix Table 1: Fiscal Assumptions - Town

	Town of Hillsborough
0.587	FY 2023 Property Tax Rate per \$100
97.00%	Collection %
\$ 1,352,075,629	2021-22 Countywide Motor Vehicle Valuation
149,013	Countywide Population NCDOR (July 2022)
9,681	Town Population - NCDOR (July 2022)
\$ 30	Vehicle Fee
	Census.Gov Single Family Construction Price Index
185.1	August 2022
143.2	January 1, 2021 (December 2020)
0.7736	Ratio
6%	Single Family Residential Cost of Sales Factor
	Census.Gov Multi-Family Construction Price Index
195.9	Second Quarter 2022
179.9	January 1, 2021 (December 2020)
0.9183	Ratio
5%	MF Residential Cost of Sales Factor
	Stormwater Fee
\$ 75	Residential per Year
\$ 1,800	Non-Residential 30,001 to 100,000 sq. ft.

Source: Town of Hillsborough, Census. Gov, NCDOR, DPFG, 2022

Appendix Table 2: Fiscal Assumptions - County

	Orange County
0.8312	FY 2023 Property Tax Rate per \$100
99.20%	Collection % Real Property
99.40%	Collection % Motor Vehicles
\$ 1,352,075,629	2021-22 Countywide Motor Vehicle Valuation
149,013	Countywide Population NCDOR (July 2022)
\$ 14,681,551	Article 39 - FY 2023
\$ 11,348,156	Article 40 - FY 2023
\$ 3,404,447	Article 40 - FY 2023 Restricted
\$ 7,943,709	Article 40 - FY 2023 Unrestricted
\$ 7,386,782	Article 42 - FY 2023
\$ 4,432,069	Article 42 - FY 2023 Restricted
\$ 2,954,713	Article 42 - FY 2023 Unrestricted
9%	Taxable Personal Property as % of Real
	Article 46 Sales Tax - FY 2023
\$ 2,101,100	Education
\$ 2,101,100	Community Services
50%	Education
50%	Community Services

Source: Orange County, NC Department of Revenue, DPFG, 2022

Appendix Table 3: Orange County Persons per Housing Unit

Housing Type	Units B25024	Units	Population B25033	Persons per Housing Unit
1, detached	35,772			
1, attached	3,668	39,440	98,144	2.49
2	1,146			
3 to 4	1,526	2,672	4,785	1.79
5 to 9	3,710			
10 to 19	4,739			
20 to 49	2,089			
50 or more	1,955	12,493	21,222	1.70
Mobile Home	4,361	4,361	10,059	2.31
Boat, RV, Van	27	27	51	1.89
Total	58,993	58,993	134,261	2.28
Townhome				1.79

Source: 2020 ACS 5-Year Estimates for Orange County, NC, DPGF, 2022

Appendix Table 4: Waterstone South Annual Local Option Sales Tax Articles 39, 40 and 42 - County

Local Option Sales Tax	Phase 1 Annual	Phase 2 Annual	Total Project Annual
Article 39 Local Option Sales Tax - Unrestricted	\$ 14,681,551	\$ 14,681,551	\$ 14,681,551
County Population	149,013	149,013	149,013
Per Capita	\$ 99	\$ 99	\$ 99
Watertone South Resident Population	507	624	1,131
Annual Sales Tax Revenue	\$ 50,000	\$ 62,000	\$ 112,000
Article 40 Local Option Sales Tax - Unrestricted	\$ 7,943,709	\$ 7,943,709	\$ 7,943,709
County Population	149,013	149,013	149,013
Per Capita	\$ 53	\$ 53	\$ 53
Watertone South Resident Population	507	624	1,131
Annual Sales Tax Revenue	\$ 27,000	\$ 33,000	\$ 60,000
Article 40 Local Option Sales Tax - Restricted (School Capital or Debt)	\$ 3,404,447	\$ 3,404,447	\$ 3,404,447
County Population	149,013	149,013	149,013
Per Capita	\$ 23	\$ 23	\$ 23
Watertone South Resident Population	507	624	1,131
Annual Sales Tax Revenue	\$ 12,000	\$ 14,000	\$ 26,000
Article 42 Local Option Sales Tax - Unrestricted	\$ 2,954,713	\$ 2,954,713	\$ 2,954,713
County Population	149,013	149,013	149,013
Per Capita	\$ 20	\$ 20	\$ 20
Watertone South Resident Population	507	624	1,131
Annual Sales Tax Revenue	\$ 10,000	\$ 12,000	\$ 22,000
Article 42 Local Option Sales Tax - Restricted (School Capital or Debt)	\$ 4,432,069	\$ 4,432,069	\$ 4,432,069
County Population	149,013	149,013	149,013
Per Capita	\$ 30	\$ 30	\$ 30
Watertone South Resident Population	507	624	1,131
Annual Sales Tax Revenue	\$ 15,000	\$ 19,000	\$ 34,000

Source: Orange County, NC Department of Revenue, DPF, 2022

Appendix Table 5: Waterstone South Annual Local Option Sales Tax Article 46 - County

Local Option Sales Tax	Phase 1 Annual	Phase 2 Annual	Total Project Annual
Article 46 Local Option Sales Tax - Education	\$ 2,101,100	\$ 2,101,100	\$ 2,101,100
County Population	149,013	149,013	149,013
Per Capita	\$ 14	\$ 14	\$ 14
Watertone South Resident Population	507	624	1,131
Annual Sales Tax Revenue	\$ 7,000	\$ 9,000	\$ 16,000
Article 46 Local Option Sales Tax - Economic Development	\$ 2,101,100	\$ 2,101,100	\$ 2,101,100
County Population	149,013	149,013	149,013
Per Capita	\$ 14	\$ 14	\$ 14
Watertone South Resident Population	507	624	1,131
Annual Sales Tax Revenue	\$ 7,000	\$ 9,000	\$ 16,000
Total Articles 39, 40, 42, and 46	\$ 128,000	\$ 158,000	\$ 286,000

Source: Orange County, NC Department of Revenue, DPGF, 2022

**Item 5A
Attachment 9**

**WATERSTONE SOUTH
NET FISCAL IMPACT
TOWN OF HILLSBOROUGH, NC**

OCTOBER 15, 2023

**PREPARED FOR:
CAPKOV VENTURES, INC.**

PREPARED BY:



Orange County, CA
Sarasota, FL

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Research Triangle, NC

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Amelia Island, FL
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SUMMARY OF FISCAL AND ECONOMIC BENEFITS

Capkov Ventures, Inc. is seeking approval from the Town of Hillsborough, North Carolina (“Town”) for a mixed-use, master-planned community referred to as Waterstone South (“Project”). At full buildout, the Project will include 450 apartments, 205 townhomes, 200,000 square feet of medical office space, and 40,000 square feet of retail, restaurant, and day care space.

Key fiscal and economic benefits of the Project at buildout are highlighted below.

FISCAL BENEFITS – TOWN OF HILLSBOROUGH

At full buildout, Waterstone South is expected to:

- Generate real property tax base of \$241.5 million.
- Generate annual real property tax revenue of \$1.4 million.
- Generate total annual revenue of \$2.0 million.
- Generate annual net fiscal benefit of \$958,000.
- Generate annual stormwater revenue of \$47,000.

Developer Town Water and Sewer System Proposed Improvements:

- Accelerate payment of \$4.7 million Water and Sewer Development Fees.
- Direct Water and Sewer Construction Improvements of \$3.3 million.

ECONOMIC BENEFITS – TOWN OF HILLSBOROUGH

At buildout, the operating activities of the new businesses in Waterstone South and the occupancy of the new residential units are expected to:

- Create total annual economic impact, in terms of output, of \$220.4 million.
- Create 1,014 direct onsite permanent jobs in the Town of Hillsborough, most of which are projected to be high-paying medical jobs.
- Create 1,647 total permanent jobs in the local area.
- Create total annual labor income of \$104.3 million in the local area.

The local spending by the new businesses and residents of Waterstone South will be significant to existing Hillsborough businesses.¹

¹ The economic benefits are described in the report, “Fiscal and Economic Impacts of Waterstone South (September 30, 2022).”

INTRODUCTION

The proposed development program for the Project is presented in Table 1.

Table 1: Waterstone South Development Program

	Phase 1	Phase 2	Total
Residential Product Type	Units	Units	Units
Apartments	225	225	450
Townhomes	70	135	205
Total	295	360	655
Non-Residential Product Type	Square Feet	Square Feet	Square Feet
Medical Office	100,000	100,000	200,000
Retail	15,000	-	15,000
Restaurant	15,000	-	15,000
Day Care	10,000	-	10,000
Total	140,000	100,000	240,000

Source: Capkov Ventures, Inc., DPFG, 2023

The 655 residential units are projected to generate 1,102 new residents as shown in Table 2.

Table 2: Waterstone South Population Projection

Residential Product	Units	Persons per Housing Unit	Projected Population
Apartments	225	1.54	346
Townhomes	70	2.00	140
Phase 1 Total	295		486
Apartments	225	1.54	346
Townhomes	135	2.00	270
Phase 2 Total	360		616
Grand Total	655		1,102
Apartments	450		692
Townhomes	205		410
Grand Total	655		1,102

Source: Town of Hillsborough, 2021 ACS Estimates, DPFG, 2023

As shown in Table 3, the non-residential land uses are projected to generate 1,014 new onsite employees. Most of the new jobs are high-paying medical jobs, but new job demand also includes jobs across all wage ranges.

Table 3: Waterstone South New Employment Projection

Non-Residential Land Uses	Square Feet	Occupancy %	Occupied Sq. Ft.	Sq Ft per Employee	New FTE Employees	FTE Conversion Factor	Total New Employees
Medical Office	100,000	100%	100,000	250	400	0.9124	438
Retail	15,000	100%	15,000	420	36	0.8571	42
Restaurant	15,000	100%	15,000	266	56	0.7925	71
Day Care	10,000	100%	10,000	450	22	0.8849	25
Phase 1 Total	140,000		140,000		514		576
Medical Office	100,000	100%	100,000	250	400	0.9124	438
Phase 2 Total	100,000		100,000		400		438
Grand Total	240,000		240,000		914		1,014

Source: Capkov Ventures, Inc., IMPLAN, ITE Trip Generation Manual 10th Edition, DPGF, 2023

This report analyzes the net fiscal benefit generated by the Project on the Town of Hillsborough ("Town"). The key assumptions and methodologies used in the analysis are described in the Methodology section of this report. Supporting tables are provided in the Appendix.

ANNUAL NET FISCAL BENEFIT – TOWN OF HILLSBOROUGH

ANNUAL GENERAL FUND REVENUES

Property Taxes

As shown in Table 4, the real property tax base of Waterstone South is projected to exceed \$241.5 million with the commercial real property tax base comprising 41 percent of the total. ²

² The tax base estimates are consistent with the estimates provided in the "Fiscal and Economic Impacts of Waterstone South (September 30, 2022)."

Table 4: Waterstone South Real Property Tax Base

Residential Land Use	Units	Market Value	Construction Price Index	Adjusted	Cost of Sales Factor	Tax Value	Tax Base	%
		per Unit (2022\$)				(Jan 1, 2021) Per Unit		
Apartments	450	\$ 230,000	0.918	\$ 211,000	5%	\$ 200,000	\$ 90,000,000	59%
Townhomes	205	\$ 350,000	0.774	\$ 271,000	6%	\$ 255,000	52,275,000	
Total	655						\$ 142,275,000	
Non-Residential					Tax Value (Jan 1, 2021)			
Land Use	Sq. Ft.	Per Sq. Ft.	Tax Base					
Medical Office	200,000	\$ 450	\$ 90,000,000					
Retail	15,000	\$ 250	3,750,000					
Restaurant	15,000	\$ 250	3,750,000					
Day Care	10,000	\$ 175	1,750,000					
Total	240,000		\$ 99,250,000		41%			
		Total	\$ 241,525,000		100%			

Note: January 1, 2021 is the most recent Orange County reappraisal.

Source: Capkov Ventures, Inc., Orange County, DPGF, 2023

At buildout, the Project is expected to generate annual real property tax revenue of \$1.4 million for the Town as shown in Table 5.

Table 5: Waterstone South Annual Real Property Tax Revenue - Town

Real Property Tax	Total Project Annual
Real Property Tax Base	\$ 241,525,000
Property Tax Rate per \$100 Valuation	0.5870
Annual Real Property Tax	\$ 1,418,000
Collection %	97.00%
Annual Real Property Tax Net of Collection %	\$ 1,375,000

Source: Capkov Ventures, Inc., Town of Hillsborough, DPGF, 2023

At buildout, the Project is expected to generate annual business property tax revenue of \$50,000 as shown in Table 6.

Table 6: Waterstone South Annual Business Property Tax Revenue - Town

Business Personal Property	Total Project Annual
Commercial Assessed Value	\$ 99,250,000
% Furniture and Equipment	9%
Business Personal Property Assessed Value	\$ 8,933,000
Property Tax Rate per \$100 Valuation	0.5870
Annual Business Personal Property Tax	\$ 52,000
Collection %	97.00%
Annual Business Property Tax Net of Collection %	\$ 50,000

Source: Capkov Ventures, Inc., Town of Hillsborough, Orange County, DPGF, 2023

Estimated annual motor vehicle tax revenue at buildout is shown in Table 7.

Table 7: Waterstone South Annual Motor Vehicle Tax Revenue - Town

Motor Vehicle Property Tax	Total Project Annual
Motor Vehicle Tax Base	
Countywide Motor Vehicle Valuation	\$ 1,433,315,493
County Population	148,197
Motor Vehicle Tax Base per Capita	\$ 9,672
Watertone South Population	1,102
Watertone South Motor Vehicle Tax Base	\$ 10,658,544
Property Tax Rate per \$100 Valuation	0.5870
Annual Real Property Tax	\$ 63,000
Collection %	97.00%
Annual Motor Vehicle Tax Net of Collection %	\$ 61,000

Source: Town of Hillsborough, Orange County, DPGF, 2023

Local Option Sales Tax

The local sales and use taxes are levied by the Orange County Board of Commissioners and are collected by the State of North Carolina on behalf of Orange County. The local option sales tax rate of 2 cents consists of three separate taxes that are authorized by North Carolina General Statutes: Article 39 One-Cent tax, Article 40 One-Half Cent tax, and Article 42 One-Half Cent tax. Article 39 taxes are distributed back to counties based on a point-of-sale basis. Article 40 taxes are distributed back to counties on a statewide county per capita basis (with a factor adjustment applied). Article 42 taxes are distributed back to counties in the same manner as Article 39 taxes. Distributions of these funds are made to the Town monthly on a per capita basis.

For purposes of this analysis, it assumed the per capita taxable retail spending of Waterstone South residents will be consistent with that of the existing Town population.

Projected annual local option sales tax revenue is calculated in Table 8.

Table 8: Waterstone South Annual Local Option Sales Tax - Town

Local Option Sales Tax	Total Project Annual
Local Option Sales Tax	\$ 3,026,000
Town Population	9,868
Per Capita	\$ 307
Watertone South Resident Population	1,102
Total Sales Tax Revenue	\$ 338,000

Source: NC Department of Revenue, Town of Hillsborough, DPGF, 2023

Auto Decal Fees

The Town charges Auto Decal Fees of \$30 per vehicle. For purposes of this analysis, one vehicle per residential unit is assumed which is a conservative assumption.

Table 9: Waterstone South Annual Auto Decal Fees - Town

Auto Decal Fee	Total Project Annual
Vehicles in Waterstone South	655
Auto Decal Fees per Vehicle	\$ 30
Auto Decal Fee Revenue	\$ 20,000

Source: Town of Hillsborough, DPFG, 2023

Other General Fund Revenues

Projected other General Fund revenues are presented in Table 10.

Table 10: Waterstone South Annual Other General Fund Revenues - Town

Other Revenues	Total Project Annual
Intergovernmental - Est. Unrestricted	\$ 1,027,000
Total Other Revenue	\$ 1,027,000
Town Population	9,868
Per Capita	\$ 104
Watertone South Resident Population	1,102
Total Other Revenues	\$ 115,000

Source: NC Department of Revenue, Town of Hillsborough, DPFG, 2023

Stormwater Fees

The Town charges an annual stormwater fee of \$75 per residential property. Annual non-residential stormwater fees are subject to a fee schedule. Annual stormwater fees are estimated in Table 11.

Table 11: Waterstone South Annual Stormwater Fees - Town

Stormwater Fee	Phase 1 Annual	Phase 2 Annual	Total Project Annual
Residential			
Fee per Townhome	\$ 75	\$ 75	\$ 75
Watertone South Townhomes	70	135	205
Stormwater Fee Annual Revenue	\$ 5,000	\$ 10,000	\$ 15,000
Non-Residential (Apartments)	225	225	225
Tier 5, 200,000 sq. ft. and above	12,900	12,900	12,900
Parcels	1	1	2
Stormwater Fee Annual Revenue	\$ 13,000	\$ 13,000	\$ 26,000
Non-Residential (Medical Office and Retail)			
Tier 3, 30,001 to 100,000	1,800	1,800	1,800
Parcels	2	1	3
Stormwater Fee Annual Revenue	\$ 4,000	\$ 2,000	\$ 6,000
Total Stormwater Fee Annual Revenue	\$ 22,000	\$ 25,000	\$ 47,000

Source: Town of Hillsborough, DPFG, 2023

Total Annual General Fund Revenues

At buildout, the Project is projected to generate annual general fund revenue of over \$1.9 million for the Town.

Table 12: Waterstone South Annual General Fund Revenues - Town

General Fund	Annual Revenues
Revenues:	
Property Tax Revenue:	
Property Tax - Real Property	\$ 1,375,000
Property Tax - Business Personal	50,000
Property Tax - Motor Vehicle	61,000
Total Property Tax Revenue	<u>\$ 1,486,000</u>
Local Option Sales Tax	338,000
Auto Decal Fees	20,000
Other Town Revenues	115,000
Total Revenues	<u>\$ 1,959,000</u>
Stormwater Revenue	\$ 47,000

Source: DPFG, 2023

ANNUAL GENERAL FUND EXPENDITURES

DPFG worked closely with the Town to identify the departments which will generate demand for service from Watertone South and to develop estimates of annual operating and capital costs.

Total Annual General Fund Expenditures

Annual operating expenditures are provided in Table 13 using the case study approach for Police, Fire, and Streets, and the average cost approach for the remaining categories. A full-time equivalent functional population approach was integrated into the per capita demand calculations.

At buildout, Waterstone South is projected to generate annual Town expenditures of \$1.0 million.

Table 13: Waterstone South Annual General Fund Expenditures - Town

Department	Amount
Administration	\$ 26,000
Accounting	15,000
Planning	45,000
Information Technology	31,000
Police	473,000
Fire Protection	265,000
Fleet Maintenance	49,000
Streets	14,000
Solid Waste	34,000
Subtotal	\$ 952,000
Police Vehicles - Annual Debt Service	49,000
Annual Expenditures	\$ 1,001,000

Total Police - Operating and Capital 522,000

Source: Town of Hillsborough, DPFG, 2023

Table 14 provides the assumptions applied in projecting annual operating expenditures using the functional population per capita methodology.

Table 14: Town of Hillsborough Annual General Fund Operating Expenditure Allocation

Department	FY 2024 Grouping	Personnel, Operating, Cost Alloc. & Debt Service Cost	FY 2024 Budget Less I/F Transfers	Allocation Method	Town Allocation Base	Unit Cost	Demand Multiplier	Adjusted Unit Cost	Waterstone South Population	Annual Expenditures
Governing Body	\$ 160,903		160,903	Fixed	-	\$ -	\$ -	\$ -	-	-
Administration	802,789		802,789	Funct Pop	12,211	\$ 65.74	0.30	\$ 19.72	1,342	26,000
Accounting	447,647		447,647	Funct Pop	12,211	\$ 36.66	0.30	\$ 11.00	1,342	15,000
Planning	1,366,152		1,366,152	Funct Pop	12,211	\$ 111.88	0.30	\$ 33.56	1,342	45,000
Facilities Management	417,106		417,106	Fixed	-	-	-	-	-	-
Public Space	649,203		649,203	Fixed	-	-	-	-	-	-
Safety and Risk Management	289,094		289,094	Fixed	-	-	-	-	-	-
Information Technology	558,776		558,776	Funct Pop	12,211	\$ 45.76	0.50	\$ 22.88	1,342	31,000
Police	4,608,623	\$ 4,418,623		Calculated	12,211	\$ 361.86	0.97	\$ 352.10	1,342	473,000
Fire Protection	1,750,770		1,975,770	Calculated						265,000
Fleet Maintenance	446,423		446,423	Funct Pop	12,211	\$ 36.56	1.00	\$ 36.56	1,342	49,000
Streets	1,608,661	1,219,661		Calculated						14,000
Solid Waste	822,116		822,116	Town Home Population	9,868	\$ 83.31	1.00	\$ 83.31	410	34,000
Cemetery	15,560		15,560	Fixed	-	-	-	-	-	-
Special Appropriations	620,768		620,768	Fixed	-	-	-	-	-	-
Contingency	500,000		500,000	Fixed	-	-	-	-	-	-
Interfund Transfers	1,457,003			Fixed	-	-	-	-	-	-
General Fund Expenditures	\$ 16,521,594	\$ 5,638,284	\$ 9,072,307							\$ 952,000

Source: Town of Hillsborough, DPFG, 2023

Police Services

According to the Town's Police Chief, the new Waterstone South residents and businesses are expected to generate demand for four (4) new police full-time equivalent ("FTEs") positions. The annual Operating Cost of \$473,000 and the annual Capital Cost of \$49,000 are projected in Table 15. The total projected annual Police Service cost is \$522,000.

Table 15: Waterstone South Annual Police Expenditures - Town

Operating Cost	Amount
Personnel, Operating, Cost Alloc. & Debt Service Cost	\$4,418,623
Existing FTEs	37.40
Annual Cost per FTE	\$ 118,145
New FTEs	4.00
Annual Personnel, Operating, Cost Alloc & Debt Service Cost	\$ 473,000
Capital Cost	Amount
Town of Hillsborough Existing Level of Service:	
Functional Population	12,211
Police Department FTEs	37.40
Officers per 1,000 Population	3.06
Waterstone South:	
Functional Population	1,342
Officers per 1,000 Population	3.06
Projected Police Department FTEs	4.11
New Police Officers per Police Chief	4.00
Cost of New Vehicle	\$ 45,000
Total Vehicle Cost	\$ 180,000
Interest Rate	4.0%
Term, in Years	4
Annual Police Vehicle Cost	\$ 48,771
Annual Police Vehicle Cost - Rounded	49,000

Source: Town of Hillsborough, DPFG, 2023

Fire Protection Services

The Orange Rural Fire Department ("Fire Department") provides fire, rescue, hazmat, and emergency medical care services to the Central Orange Fire District and the Town of Hillsborough. The Fire Department estimates Waterstone South will generate demand for 1.5 additional firefighters for each shift at an annual cost of \$265,000 as shown in Table 16.

Table 16: Waterstone South Annual Fire Expenditures – Orange Rural Fire Department

Orange Rural Fire Department Estimate	Amount
Firefighter per Shift	1.5
# of Shifts	3.0
Annual Cost per Firefighter (Including Benefits)	\$ 54,530
Estimated Annual Cost	\$ 245,385
Estimated Cost Radios, Protective Clothing, etc.	\$ 20,000
Estimated Annual Cost	\$ 265,385
Estimated Annual Cost - Rounded	\$ 265,000

Source: Orange Rural Fire Department, Town of Hillsborough, DPFG, 2023

Streets

Capkov Ventures estimates Waterstone South will dedicate approximately 1.632 miles of public roads to the Town. The annualized cost of periodic road resurfacing is provided in Table 17.

Table 17: Waterstone South Annual Streets Expenditures - Town

Description	Amount
Miles of Public Roads	1.632
Resurfacing Cost per Mile	\$ 175,000
Resurfacing Cost	\$ 285,600
Resurfacing Cycle, in years	20
Annualized Resurfacing Cost	\$ 14,280
Annualized Resurfacing Cost - Rounded	\$ 14,000

Source: Capkov Ventures, Inc., Town of Hillsborough, DPFG, 2023

ANNUAL NET FISCAL IMPACT

At buildout, Waterstone South is projected to generate an annual net fiscal benefit of \$958,000 for the Town.

Table 18: Waterstone South Net Fiscal Benefit – Town

General Fund	Annual Revenues
Revenues:	
Property Tax Revenue:	
Property Tax - Real Property	\$ 1,375,000
Property Tax - Business Personal	50,000
Property Tax - Motor Vehicle	61,000
Total Property Tax Revenue	<u>\$ 1,486,000</u>
Local Option Sales Tax	338,000
Auto Decal Fees	20,000
Other Town Revenues	115,000
Total Revenues	<u>\$ 1,959,000</u>
Expenditures:	
Administration	\$ 26,000
Accounting	15,000
Planning	45,000
Information Technology	31,000
Police	522,000
Fire Protection	265,000
Fleet Maintenance	49,000
Streets	14,000
Solid Waste	34,000
Total Expenditures	<u>\$ 1,001,000</u>
Excess Annual General Fund Revenues	<u>\$ 958,000</u>
Stormwater Revenue	<u>\$ 47,000</u>

Source: DPGF, 2023

DEVELOPER CONTRIBUTIONS TOWN WATER AND SEWER SYSTEM

As part of the Waterstone South proposal to the Town, Capkov Ventures, Inc. will make a significant contribution to the Town's water and sewer system. The structure of the contribution is divided between the direct construction of needed improvements and accelerated "System Development Fees" for both water and sewer.

1. Direct Construction of Improvement

Capkov Ventures Inc. has proposed constructing the following to improve the existing Town sewer utility infrastructure. The estimated cost of the improvements is \$3.3 million.

- a. Demolish the old Nazarene lift station and construct a new lift station with significantly higher capacity. The new lift station will have the capacity to allow inflows from areas not currently being served along the I-86 corridor.
- b. Eliminate the existing Woods Edge South lift station on Alice Loop Drive and construct a new gravity sewer line. The Woods Edge South lift station is an antiquated lift station constructed to serve the Woods Edge Mobile Home community and was not constructed to municipal standards. The elimination of the lift station and conversion to gravity flow sewer will save the Town significant maintenance and replacement cost in the future.
- c. Run a new larger diameter forced main line from the Nazarene lift station to the Cates Creek Outfall, along Highway I-86 South and Waterstone Drive. This will allow more potential capacity from the public schools to the south and other potential future users.

2. Accelerate System Development Fee Payments

The Town needs to upgrade several elements of their existing system to handle the existing and committed sewer flows, and to add capacity for future development. Capkov Ventures proposes accelerating the System Development Fees for each townhome or apartment in the proposed community upon approval of each phase. This will provide immediate funding for the essential improvements.

The 2023 Sewer System Development Fee per unit is \$3,243, and the total 2023 Water System Development Fee per unit is \$3,864 for a total of \$7,107 per unit.

Table 19 summarizes the proposed developer contribution of \$8.0 million.

Table 19: Proposed Developer Contributions to Water and Sewer System - Town

Description	# of Units	Fees per Unit	Total
Phase II	205	\$ 7,107	\$ 1,456,935
Phase II	225	\$ 7,107	1,599,075
Phase III	225	\$ 7,107	1,599,075
Total System Development Fees	655		\$ 4,655,085
Direct Construction Improvements			3,300,000
Total Proposed Developer Contribution			\$ 7,955,085

Source: Capkov Ventures, Inc, 2023

KEY ASSUMPTIONS AND METHODOLOGY

METHODOLOGY AND KEY ASSUMPTIONS

Because substantial growth is projected for the Research Triangle area over the next decade, the residential and commercial impacts in this analysis are considered “new.” For example, even if new residents do not directly purchase or rent homes in the Project, vacancies left by existing residents will make existing units available for new residents. Likewise, population and job growth are expected to fuel the demand for the new commercial facilities in Waterstone South.

Market values for the residential properties in Waterstone South were estimated by Capkov Ventures, Inc. Residential market values were converted to taxable values by applying a (1) cost index to adjust values to the most recent County reappraisal (January 1, 2021) and (2) cost of sales factor. Non-residential tax values per product type were based on assessed values (January 1, 2021) of comparable Orange County properties.

The fiscal impact analysis of Waterstone South uses a marginal/average cost hybrid methodology to determine the Project’s impact on capital and operating costs. Revenues, such as property taxes, were projected on a marginal basis, whereas other revenues attributable to growth were reflected on an average cost basis. A full-time equivalent functional population approach was used in the per capita demand calculations to estimate certain annual expenditures.

The Town’s fiscal year (“FY”) 2024 budget forms the basis for the service levels and revenue and cost assumptions. This “snapshot” approach does not attempt to speculate how services, costs, revenues, and other factors will change over time. Instead, it evaluates the fiscal impact to the Town as it conducts business under the current budget. Tax rates in effect for FY 2024 are also held constant in this analysis.

All amounts in this report are presented in constant dollars (2023). Results are rounded to the nearest one thousand dollars (\$1,000).

The impacts of self-supporting funds (e.g., enterprise funds) were not included in this analysis as is typical in fiscal impact analysis. Utility rates and capacity fees are established through independent studies. Public utilities generally benefit from economies of scale (i.e., more customers) since rate structures are dependent upon recovering infrastructure costs which are considered fixed from a cost accounting perspective.

Supporting tables are provided in the Appendix.

GENERAL LIMITING CONDITIONS

Every reasonable effort has been made to ensure that the data contained in this report are accurate as of the date of this study; however, factors exist that are outside the control of DPFG and that may affect the estimates and/or projections noted herein. This study is based on estimates, assumptions and other information developed by DPFG from its independent research effort, general knowledge of the industry, and information provided by and consultations with the client and the client's representatives. No responsibility is assumed for inaccuracies in reporting by the client, the client's agent and representatives, or any other data source used in preparing or presenting this study.

This report is based on information that was current as of October 2023 and DPFG has not undertaken any update of its research effort since such date.

Because future events and circumstances, many of which are not known as of the date of this study, may affect the estimates contained therein, no warranty or representation is made by DPFG that any of the projected values or results contained in this study will actually be achieved.

Possession of this study does not carry with it the right of publication thereof or to use the name of DPFG in any manner without first obtaining the prior written consent of DPFG. No abstracting, excerpting or summarization of this study may be made without first obtaining the prior written consent of DPFG. This report is not to be used in conjunction with any public or private offering of securities, debt, equity, or other similar purpose where it may be relied upon to any degree by any person other than the client, nor is any third party entitled to rely upon this report, without first obtaining the prior written consent of DPFG. This study may not be used for purposes other than that for which it is prepared or for which prior written consent has first been obtained from DPFG. Any changes made to the study, or any use of the study not specifically prescribed under agreement between the parties or otherwise expressly approved by DPFG, shall be at the sole risk of the party making such changes or adopting such use.

This study is qualified in its entirety by, and should be considered in light of, these limitations, conditions and considerations.

APPENDIX

Appendix Table 1: Fiscal Assumptions - Town

	Town of Hillsborough
0.587	FY 2024 Property Tax Rate per \$100
97.00%	Collection %
\$ 30	Motor License Vehicle Fee
\$ 1,433,315,493	2022-23 Countywide Motor Vehicle Valuation
148,197	Countywide Population NCDOR (July 2023)
9,601	Town Population - NCDOR (July 2023)
4,614	Town Employed Population 16+ 2020 ACS 5-Year Est.
9,868	Town Population - Town of Hillsborough (State Demographer)
	Census.Gov Single Family Construction Price Index
185.1	August 2022
143.2	January 1, 2021 (December 2020)
0.7736	Ratio
6%	Single Family Residential Cost of Sales Factor
	Census.Gov Multi-Family Construction Price Index
195.9	Second Quarter 2022
179.9	January 1, 2021 (December 2020)
0.9183	Ratio
5%	MF Residential Cost of Sales Factor
	Stormwater Fee
\$ 75	Residential per Year
\$ 1,800	Non-Residential 30,001 to 100,000 sq. ft.
	System Development Fee - Residential
\$ 3,864	Water Treatment per Unit
\$ 3,243	Wastewater Treatment per Unit

Source: Town of Hillsborough, Census. Gov, NCDOR, DPGF, 2023

Appendix Table 2: Orange County Persons per Housing Unit

Housing Type	Units B25024	Units	Population B25033	Persons per Housing Unit
1, detached	38,129			
1, attached	5,180	43,309	104,923	2.42
2	860			
3 to 4	2,091	2,951	4,839	1.64
5 to 9	3,075			
10 to 19	3,408			
20 to 49	1,880			
50 or more	3,658	12,021	18,466	1.54
Mobile Home	3,480	3,480	8,361	2.40
Boat, RV, Van	-	-	-	
Total	61,761	61,761	136,589	2.21
Townhome - per Town of Hillsborough				2.00

Source: 2021 ACS Estimates for Orange County, NC, DPGF, 2023

Appendix Table 3: Functional Population Calculations

Town of Hillsborough				
Full-Time Equivalent Functional Population				
Description	Hillsborough Population	24/7		%
		Functional Population Coefficient	24/7 Functional Population	
Working $\{[(24 \times 7) - (9 \times 5)] / (24 \times 7)\}$	4,614	0.7321	3,378	
Non-Working (24/24)	5,254	1.0000	5,254	
Permanent Population	9,868	0.8747	8,632	71%
Hillsborough Employment Population				
Agriculture Forestry, Fishing, & Hunting	77	0.3002	23	
Construction	319	0.3002	96	
Manufacturing	196	0.2904	57	
Transportation	10	0.3002	3	
Communication	19	0.3002	6	
Utility	30	0.3002	9	
Wholesale Trade	571	0.3095	177	
Retail Trade	2,942	0.8663	2,549	
Finance, Insurance, Real Estate	347	0.3064	106	
Hotels & Lodging	31	0.3714	12	
Automotive Services	33	0.3002	10	
Health Services	656	0.4747	311	
Legal Services	63	0.3064	19	
Education Institutions & Libraries	749	0.2679	201	
Other Services	1,460	0.3002	438	
Government	1,592	0.4066	647	
Unclassified	100	0.3002	30	
Total	9,195	0.3892	3,579	29%
Full-Time Equivalent Functional Population			12,211	100%
Waterstone South				
Waterstone South	Estimated Residents/ Employees	24/7		%
		Functional Population Coefficient	24/7 Functional Population	
Apartments	692	0.8747	605	
Townhomes	410	0.8747	359	
Total Projected Residents	1,102	0.8748	964	72%
Projected Employees				
Office	876	0.3064	268	
Retail	113	0.8663	98	
Day Care	25	0.4747	12	
Total Employees	1,014	0.3729	378	28%
Full-Time Equivalent Functional Population			1,342	100%

Source: 2021 ACS Estimates for Town of Hillsborough, NC, Town of Hillsborough, NC, DPFG, 2023



Waterstone South Neighborhood Meeting - October 10, 2023 at 7:00 pm.

Issues Raised

1. Open Space as part of the Trailer Park Development:

A neighbor mentioned that a portion of land south of the trailer park was supposed to be kept as open space. This agreement was potentially part of the approval process because (according to the neighbor) more trailers were allowed to be installed than normal. He also mentioned that an attorney said that a portion of the parcel could never be developed.

The developer responded that no such restriction was found during the title search phase of the acquisition but said that the issue would be investigated further.

The developer also mentioned that this is a very early stage in the process and that landscape buffers and open spaces have not been finalized yet.

2. Taxes:

A neighbor wondered if their taxes would increase because of the annexation.

Neighboring properties will not be annexed as part of this process and by law, the Town of Hillsborough cannot force them to be annexed.

3. Housing:

A neighbor asked how many houses would be built.

Residential units will consist of apartments and townhomes, and they will serve people working at the hospital and other nearby businesses. The current proposal includes 450 apartments and 205 townhomes.

4. Traffic:

a. Several neighbors mentioned that traffic in the area has increased in recent years.

A traffic impact analysis (TIA) was performed. The TIA concluded that by the time the project is completed in 2033, a traffic signal should be installed at the intersection of NC 86 and Waterstone Drive. Turn lanes into the project are also recommended on NC 86 and New Hope Church Road. These measures should help minimize impacts to traffic in the area.

- b. Someone asked if any potential turn lanes would impact their property. Any right of way expansion would only affect this project. A neighbor mentioned that people are unable to cross Hwy 86 at AL Stanback Middle School because of traffic.

The developer said they would look at putting a traffic signal in that area. Sidewalks will be installed to make the area more walkable.

- c. Another neighbor worried that they would lose land because Hwy 86 might be widened to 4 lanes.

There is currently no indication that Hwy 86 will be widened, or additional right of way acquired.

- d. Someone worried that traffic would impact them on Scarlett Mountain Road.

An entrance is not being proposed along that edge of the project.

5. Safety:

A neighbor mentioned that there have been bad auto accidents in the area and more traffic will make it worse.

The project will be built in phases over a period of about ten years. During that time as traffic counts warrant, traffic signals and turn lanes will be installed.

Changes Made in Response to Issues Raised

1. The applicant has changed the Master Plan by significantly increasing open space along the southern property line to the site. The plan has been changed to reflect a minimum of 100' of permanent open space along the southern property line adjacent to Scarlett Mountain Road. The 100' buffer then turns north to buffer the property and the northwest corner of Scarlett Mountain Road and Highway 86 South. The open space that separates the proposed community from Scarlett Mountain Road will ensure that there will be no vehicular connection between the community and Scarlett Mountain Road. Orange County does not require any buffer between residential uses in this residential zoning district.
2. There is roughly 10 acres of rural buffer in the southwestern corner of the site. The applicant had proposed the 10 acres to be used for a park containing youth baseball and soccer fields. The applicant had eliminated the playfields and will dedicate the entire 10 acres as permanent open space. This will provide a 10-acre undisturbed wooded open space between the proposed community and the western section of Scarlett Mountain Road.

3. Additional open space buffers have been added in the northern and western portions of the site to add buffering from I-40 and protect environmentally sensitive tree stands, steep slopes, and creeks.
4. The applicant has verified that no widenings outside our property and the existing right of way will need to be acquired.



PLANNING BOARD STATEMENT OF PLAN CONSISTENCY AND RECOMMENDATION

July 18, 2024

Request from Capkov, Inc. and Woodsedge Properties, LLC to
amend the Official Zoning Map of the Town of Hillsborough

WHEREAS, the Town of Hillsborough Planning Board has received and reviewed an application from Capkov Ventures, Inc. and Woodsedge Properties, LLC to amend the Official Zoning Map as follows:

- Rezone approximately 99.14 acres from R1 (County), EDH-2 (County), and ESU (Town) to a Planned Development (PD) district for apartments, townhomes, and various non-residential uses, including medical, office, and neighborhood commercial

WHEREAS, North Carolina General Statute 160D-604 *Planning Board review and comment*, paragraphs (b) *Zoning Amendments* and (d) *Plan Consistency*, require that, when considering a proposed zoning map amendment, the Planning Board must advise and comment on whether the amendment is consistent with any adopted comprehensive or land-use plan, and any other applicable, officially adopted plan. The Planning Board must then provide a written recommendation to the Town Board of Commissioners addressing plan consistency and other matters deemed appropriate; and

WHEREAS, UDO §3.7.10 *Planning Board Recommendation* requires the written report be delivered to the Town Board of Commissioners within 30 days after the legislative hearing is closed; and

WHEREAS, UDO §3.7.12 *Town Board Action* states the Town Board shall not take action on a proposed zoning map amendment until 30 days after the date of the legislative hearing or until the Planning Board makes its recommendation, whichever comes first; and

WHEREAS, after discussion and deliberation on the requested amendment, the Planning Board finds:

1. The proposed amendment **IS/IS NOT CONSISTENT** with the Town of Hillsborough Comprehensive Sustainability Plan; specifically, the following goal and strategy in the *Land Use and Development* chapter:

- Land Use and Development Goal 1: Ensure that future growth and development, including infill and redevelopment, are aligned with smart growth principles and consider infrastructure constraints such as water and wastewater system capacity.
- Strategy: Develop and adopt plans that contribute to meeting preferred future land use and growth patterns.

2. The proposed regulations advance identified goals and strategies found in the CSP, and promote public health, safety, and welfare by _____.

WHEREFORE, upon a motion by _____, seconded by _____, the foregoing was put to a vote of the Board, the results of which vote are as follows:

Ayes:

Noes:

Absent:

NOW, THEREFORE, the Planning Board hereby **RECOMMENDS** that the Town Board of Commissioners **APPROVE/DENY** the requested zoning map amendment.

Frank Casadonte, Chair
Town of Hillsborough Planning Board

Date of signature by Chair: _____



Agenda Abstract

PLANNING BOARD

Meeting Date: July 18, 2024
Department: Planning and Economic Development Division
Agenda Section: 6A
Public hearing: Yes
Date of public hearing: August 15, 2024 (tentative)

PRESENTER/INFORMATION CONTACT

Tom King, Senior Planner: 919-296-9475; tom.king@hillsboroughnc.gov

ITEM TO BE CONSIDERED

Subject: Flood Damage Prevention Ordinance (FDPO) text amendment (staff initiated):

- Article 3, *General Provisions*, Section 3.C, *Establishment of Floodplain Development Permit*

Attachments:

1. Article 3, Section 3.C with proposed amendments
2. Article 3, Section 3.C clean version

Summary:

The town's FDPO was likely adopted in 1981. Amendments were made in February 2007 to reference new FEMA (Federal Emergency Management Agency) flood maps & incorporate federal model FDPO revisions. Staff suggested amending the ordinance further to prohibit development from SFHAs (Special Flood Hazard Areas) excepting certain public uses (e.g., greenways, utilities). This amendment was adopted in June 2007. A 2015 citizen-initiated amendment expanded allowed uses to include a certain type of fencing. The ordinance was last amended in 2017 to reference new flood map panels & incorporate federal model FDPO revisions.

Staff believes the current language in subsection 3.C regarding allowed development should be broadened to allow additional uses such as agriculture, horticulture & private utility connections. These uses will be required to obtain floodplain development permits & comply with applicable FDPO requirements.

The proposed amendments comply with NCGS 143-215.54, which states local governments may allow certain uses in flood hazard areas without a permit. A copy of the proposed amendment language was shared with NC Department of Safety, Emergency Management staff, in May 2024. No issues were raised.

Comprehensive Sustainability Plan goals:

Town Government & Public Services Goal 2: Adopt local laws, regulations & policies that help to achieve sustainable & equitable outcomes.

Financial impacts:

None

Staff recommendation and comments:

Refer amendment to August 15, 2024, joint public hearing.

Action requested:

Refer amendment to August 15, 2024, joint public hearing.

3.C. ESTABLISHMENT OF FLOODPLAIN DEVELOPMENT PERMIT.

In general, no development ~~or development activity~~ is allowed in the Special Flood Hazard Areas ~~unless one or more of the following are met.~~ However, the following development activities may be permitted provided the activity and any related structures, including accessory/appurtenant structures and equipment, comply with all applicable provisions of this and other federal, state, and local ordinances; and receive a Floodplain Development Permit in accordance with the provisions of Article 4.B:

~~3.C.1. The site has an approved, valid site specific development plan triggering a vested right and the plan was approved prior to the effective date of this ordinance.~~

~~3.C.2.1 The development is for~~ Construction of public or private roads, greenways, pedestrian crossings (e.g., footbridges), and hiking or horseback riding trails. ~~park-related equipment, or public utilities and facilities such as wastewater, gas, electrical, and water systems that are located and constructed to minimize flood damage. Structures for pedestrian crossings (e.g. footbridges, etc.), playground equipment, and other similar items may be permitted if the applicant provides certification by a professional registered engineer, architect or landscape architect that these encroachments will not result in any increase in flood levels during the base flood.~~

~~3.C.32.~~ Installation of public or private utilities and facilities such as wastewater, gas, electrical and water systems, including accessory service lines.

~~3.C.3. The development consists of fencing proposed to be located outside the floodway and meets each of the following requirements:~~

- ~~(a) Vertical post height not to exceed 4 feet.~~
- ~~(b) The construction method is wire, post and wire with or without top and bottom rails, post and rail with or without wire, or post and cross rails with or without wire.~~
- ~~(c) The smallest dimension on the wire opening may not be less than 1 inch.~~
- ~~(d) The largest dimension on support rails or posts may not exceed 6 inches.~~
- ~~(e) The minimum spacing on vertical posts may not be less than 6 feet on center.~~

Fences meeting all the following requirements:

- (a) Vertical support posts do not exceed eight feet in height and six inches in width or diameter at any point,
- (b) Vertical support posts are placed no less than six feet on center,
- (c) The construction method is wire, post and wire (with or without top and bottom rails), post and rail (with or without wire), or post and cross rails (with or without wire), and
- (d) The smallest dimension of wire openings is no less than one inch.

3.C.4 General farming, pasture, outdoor plant nurseries, horticulture, forestry, wildlife sanctuary, game farm and other similar agricultural, wildlife and related uses.

1 3.C.5 Lawns, gardens, play areas and other similar uses.

2

3 3.C.6 Picnic grounds, parks, playgrounds, open space and other similar public and private
4 recreational uses.

3.C. ESTABLISHMENT OF FLOODPLAIN DEVELOPMENT PERMIT.

In general, no development or development activity is allowed in Special Flood Hazard Areas. However, the following development activities may be permitted provided the activity and any related structures, including accessory/appurtenant structures and equipment, comply with all applicable provisions of this and other federal, state, and local ordinances; and receive a Floodplain Development Permit in accordance with the provisions of Article 4.B:

- 3.C.1. Construction of public or private roads, greenways, pedestrian crossings (e.g., footbridges), and hiking or horseback riding trails.
- 3.C.2. Installation of public or private utilities and facilities such as wastewater, gas, electrical and water systems, including accessory service lines.
- 3.C.3. Fences meeting all the following requirements:
 - (a) Vertical support posts do not exceed eight feet in height and six inches in width or diameter at any point,
 - (b) Vertical support posts are placed no less than six feet on center,
 - (c) The construction method is wire, post and wire (with or without top and bottom rails), post and rail (with or without wire), or post and cross rails (with or without wire), and
 - (d) The smallest dimension of wire openings is no less than one inch.
- 3.C.4. General farming, pasture, outdoor plant nurseries, horticulture, forestry, wildlife sanctuary, game farm and other similar agricultural, wildlife and related uses.
- 3.C.5. Lawns, gardens, play areas and other similar uses.
- 3.C.6. Picnic grounds, parks, playgrounds, open space and other similar public and private recreational uses.



Agenda Abstract PLANNING BOARD

Meeting Date:	July 18, 2024
Department:	Planning and Economic Development Division
Agenda Section:	6B
Public hearing:	Yes
Date of public hearing:	August 15, 2024 (tentative)

PRESENTER/INFORMATION CONTACT

Tom King, Senior Planner: (919) 296-9475; tom.king@hillsboroughnc.gov
Molly Boyle, Planner II: (919) 296-9473; molly.boyle@hillsboroughnc.gov

ITEM TO BE CONSIDERED

Subject: Unified Development Ordinance (UDO) text amendment (staff initiated):

- Section 3, *Administrative Procedures*, Subsection 3.18, *Site Plan Review*

Attachments:

1. Subsection 3.18 with proposed amendments
2. Subsection 3.18 clean version

Summary:

Site plan review is a staff-level procedure designed to ensure uses allowed by right in a particular zoning district comply with applicable UDO requirements before zoning permit issuance. Currently, single-family homes, smaller commercial structures, & additions are exempt from the procedure, as are uses subject to a special use permit (for special use permits, site plans are reviewed and approved by the Board of Adjustment as part of the permit). Recent requests for certain uses requiring site plan approval prompted staff to re-examine when the procedure should apply. Staff discovered current requirements hinder residential uses that could increase the town's supply of duplexes & other smaller multi-family housing, as well as agricultural land uses. Staff revisited Subsection 3.18 in its entirety & proposes additional changes to remove unnecessary language & provide opportunity for vesting beyond the standard expiration date.

Comprehensive Sustainability Plan goals:

- Town Government & Public Services Goal 2: Adopt local laws, regulations, & policies that help to achieve sustainable & equitable outcomes.
 - Strategy: Develop & adopt policies that help accomplish town goals.
 - Implementation Action: Regularly review & update town policies as new information is garnered & achievements are met.
- Land Use and Development Goal 1: Ensure that future growth & development, including infill & redevelopment, are aligned with smart growth principles & consider infrastructure constraints such as water & wastewater system capacity.
 - Strategy: Ensure that land use & development regulations are aligned with preferred future land use & growth patterns.

- Implementation Action: Ensure that the Unified Development Ordinance incorporates strategies to achieve a mix of housing types through zoning.
- Housing & Affordability Goal 1: Develop & maintain a variety of safe, healthy, & sustainable housing options to increase housing stability for renters & homeowners.
 - Strategy: Adopt development regulations that contribute to meeting identifiable affordable housing needs.
 - Implementation Action: Increase diversity of housing stock through development regulations & decisions.
 - Strategy: Adopt development regulations that contribute to meeting overall housing needs.
 - Implementation Actions:
 - Adopt regulations that promote a variety in housing that fills the missing middle housing.
 - Streamline the permitting process for multiple parts of the housing development process.

Financial impacts:

None.

Staff recommendation and comments:

Refer amendment to August 15, 2024, joint public hearing.

Action requested:

Refer amendment to August 15, 2024, joint public hearing.

3.13 SITE PLAN REVIEW

3.13.1 INTENT

~~It is the intent of this subsection to address the specific conditions and standards of evaluation for the review of site plans review and approval.~~

3.13.2 APPLICABILITY

~~Site Plan review is the general term used to describe review of projects other than (a) the construction of or addition to single-family dwellings on lots zoned for single-family uses and (b) uses requiring a Special Use Permit, as Site Plan review is built into the Special Use Permit review process.~~

~~The Site Plan Review process is applicable only to proposed development involving:~~

~~3.13.2.1 The disturbance of 10,000 square feet or more of land and/or:~~

~~3.13.2.1.a the construction of new structures consisting of more than 5,000 square feet of gross floor area, or~~

~~3.13.2.1.b additions to existing structures consisting of more than 2,500 square feet of gross floor area~~

~~in any general purpose residential or non-residential zoning district.~~

~~3.13.2.2 The construction of attached dwelling units in any general-purpose zoning district that does not otherwise exceed a threshold established by subparagraphs a or b above.~~

~~3.13.2.3 All development located within the PD (Planned Development) zoning district.~~

Site plan review and approval is required prior to issuance of a Zoning Compliance Permit for any development except the following:

(a) Bona fide farms and agricultural uses, including associated principal and accessory buildings and structures.

(b) Single-family dwellings, two-, three-, and four-unit attached dwellings, and manufactured homes, including their accessory uses and structures, located on an individual lot.

(c) The construction of new structures not listed in (a) or (b), above consisting of more than 5,000 square feet of gross floor area,

(d) Expansion of existing development if the expansion results in:

(1) an addition of no more than 15% of previously existing gross floor area, or 2,500 square feet of gross floor area, whichever is greater,

(2) ~~an addition of no more than 15% of previously existing parking spaces, or 10 parking spaces, whichever is greater, and~~

(3) ~~an increase of no more than 15% in the amount of land cleared for non-agricultural development, or 10,000 square feet of new land clearing, whichever is greater.~~

(e) Any sign.

(f) Uses requiring a Special Use Permit, as site plan review is built into the Special Use Permit review process.

3.13.3 PROCEDURE

3.13.3.1 Authority to Apply

The property owner ~~of any property~~, or their authorized representative; may apply ~~to the Planning Director~~ for site plan approval.

3.13.3.2 Pre-application Conference

~~Before submitting an application for site plan approval, the Applicants should first meet with the Planning Director to review the proposed site plan and the discuss ordinance requirements of this Ordinance before submitting an application for site plan review.~~

3.13.4 APPLICATION REQUIREMENTS

The Planning Director shall provide forms ~~for applications for site plan approval review;~~ which shall be submitted by the applicant. Applicants ~~for site plan approval~~ shall submit all ~~required information required to be submitted as set forth found in the Administrative Manual, and any additional information needed to demonstrate and support compliance with the standards of evaluation this Ordinance.~~ No application shall be accepted as complete unless accompanied by ~~all the required application fees as set forth in the Schedule of Fees.~~

3.13.5 REVIEW PROCESS

3.13.5.1 GENERAL

The Planning Director shall review and, if the site plan submitted otherwise meets all ~~of the standards of this Ordinance, approve the site plans for uses permitted as of right in any general-purpose zoning district.~~ Approval or denial of the ~~Site Plan~~ shall be made within 45 working days of a site plan submittal being deemed complete.

3.13.5.2 COMPLETENESS REVIEW

Upon receipt of a Site Plan Review application, the Planning Director shall first determine whether the application is complete, including ~~the payment of all the required application fees.~~ The Planning Director shall have five working days in which to determine application completeness. If the Planning Director determines the

application is ~~not~~ incomplete, they shall notify the applicant in writing of the reasons for such determination.

3.13.5.3 TECHNICAL REVIEW COMMITTEE

Upon determination that a complete application has been filed, the Planning Director shall refer the site plan to the Technical Review Committee. The Technical Review Committee shall review the plan at its next regularly scheduled meeting. Written ~~committee~~ review comments shall then be forwarded to the applicant.

3.13.6 DECISIONS ON SITE PLAN APPLICATIONS

The Planning Director ~~shall have~~ has the authority to approve ~~or deny~~ site plans, ~~or to deny~~. Denial of site plan approval shall be based on the grounds that the site plan ~~submitted~~ fails to comply with any specific requirements of this Ordinance. ~~The d~~Decisions shall be provided in writing via first class mail to the applicant within 5 working days of the decision.

3.13.7 APPEAL

~~3.13.7.1~~ A decision of ~~t~~The Planning Director's decision on an application for a Site Plan Review may be appealed to the Board of Adjustment ~~by an aggrieved party. Such appeal shall be made within thirty (30) days of filing of the decision in the office of the Planning Director or the delivery of the notice required in Section 3.13.6, Decision on Site Plan Applications, whichever is later, following procedures established in Section 3.11, Appeal.~~

~~3.13.7.2~~ The official who made the decision to deny the Site Plan shall be present at the appeal hearing as a witness.

~~3.13.7.3~~ The appellant shall not be limited at the hearing to matters stated in the notice of appeal. If any party or the Town would be unduly prejudiced by the presentation of matters not presented in the notice of appeal, the Board of Adjustment shall continue the hearing to allow such party time to adequately prepare a response.

~~3.13.7.4~~ The Board of Adjustment may reverse or affirm, wholly or partly, or may modify the decision appealed from. The Board of Adjustment shall make any order, requirement, decision, or determination that ought to be made.

3.13.8 VESTING

No statutory vested right is established by approval of a site plan. However, as part of their application, applicants may request statutory vesting of a site plan following procedures found in subsection 1.8, Vested Rights, of this Ordinance.

3.13.9 MODIFICATIONS

Approval of modifications ~~to approved site plans can~~ shall be made ~~to the approved Site Plan~~ by applying the ~~procedures and criteria found in Sections paragraphs 3.8.18, Minor Changes and Modifications, and 3.8.19, Criteria Used for Determination, of this Ordinance.~~

3.13.10 REVOCATION

The Planning Director may revoke site Pplan Approval ~~may be revoked by the issuing authority by following the same procedure and applying the same criteria as established for revocation found in Section sub-paragraph 8.6.4.5, Revocation of Permits or Certificates, of this Ordinance.~~

3.13.11 EXPIRATION

Site plan approval expires ~~twelve (12)~~ calendar months from the date of approval if unless:

- (a) a Zoning Compliance Permit has ~~not~~ been issued for the project prior to the expiration date,
- (b) a statutory vested right was obtained under procedures found in subsection 1.8, Vested Rights, of this Ordinance prior to approval, or
- (c) a common law vested right is obtained from the Planning Director following provisions found in North Carolina General Statute 160D-108(h).

3.13 SITE PLAN REVIEW

3.13.1 INTENT

The intent of this subsection is to address the specific conditions and standards of evaluation for site plan review and approval.

3.13.2 APPLICABILITY

Site plan review and approval is required prior to issuance of a Zoning Compliance Permit for any development except the following:

- (a) Bona fide farms and agricultural uses, including associated principal and accessory buildings and structures.
- (b) Single-family dwellings, two-, three-, and four-unit attached dwellings, and manufactured homes, including their accessory uses and structures, located on an individual lot.
- (c) Construction of new structures not listed in (a) or (b), above consisting of more than 5,000 square feet of gross floor area.
- (d) Expansion of existing development if the expansion results in:
 - (1) an addition of no more than 15% of previously existing gross floor area, or 2,500 square feet of gross floor area, whichever is greater,
 - (2) an addition of no more than 15% of previously existing parking spaces, or 10 parking spaces, whichever is greater, and
 - (3) an increase of no more than 15% in the amount of land cleared for non-agricultural development, or 10,000 square feet of new land clearing, whichever is greater.
- (e) Any sign.
- (f) Uses requiring a Special Use Permit, as site plan review is built into the Special Use Permit review process.

3.13.3 PROCEDURE

3.13.3.1 Authority to Apply

The property owner or their authorized representative may apply for site plan approval.

3.13.3.2 Pre-application Conference

Applicants should meet with the Planning Director to review the proposed plan and discuss ordinance requirements before submitting an application for site plan review.

3.13.4 APPLICATION REQUIREMENTS

The Planning Director shall provide forms for site plan review. Applicants shall submit all required information found in the *Administrative Manual*, and any additional information needed to demonstrate compliance with this Ordinance. No application shall be accepted as complete unless accompanied by the required application fee.

3.13.5 REVIEW PROCESS

3.13.5.1 GENERAL

The Planning Director shall review and, if the site plan submitted otherwise meets all standards of this Ordinance, approve the site plan. Approval or denial of the site plan shall be made within 45 working days of a site plan submittal being deemed complete.

3.13.5.2 COMPLETENESS REVIEW

Upon receipt of a Site Plan Review application, the Planning Director shall first determine whether the application is complete, including payment of the application fee. The Planning Director shall have five working days in which to determine application completeness. If the Planning Director determine the application is incomplete, they shall notify the applicant in writing of the reasons for such determination.

3.13.5.3 TECHNICAL REVIEW COMMITTEE

Upon determination that a complete application has been filed, the Planning Director shall refer the site plan to the Technical Review Committee. The Technical Review Committee shall review the plan at its next regularly scheduled meeting. Written review comments shall then be forwarded to the applicant.

3.13.6 DECISIONS ON SITE PLAN APPLICATIONS

The Planning Director has the authority to approve or deny site plans. Denial of site plan approval shall be based on the grounds that the site plan fails to comply with any specific requirements of this Ordinance. Decisions shall be provided in writing via first class mail to the applicant within 5 working days of the decision.

3.13.7 APPEAL

The Planning Director's decision on an application for a Site Plan Review may be appealed to the Board of Adjustment following procedures established in Section 3.11, *Appeal*.

3.13.8 VESTING

No statutory vested right is established by approval of a site plan. However, as part of their application, applicants may request statutory vesting of a site plan following procedures found in subsection 1.8, *Vested Rights*, of this Ordinance.

3.13.9 MODIFICATIONS

Approval of modifications to approved site plans shall be made by applying the criteria found in paragraphs 3.8.18, *Minor Changes and Modifications*, and 3.8.19, *Criteria Used for Determination*, of this Ordinance.

3.13.10 REVOCATION

The Planning Director may revoke site plan approval by following the procedure found in sub-paragraph 8.6.4.5, *Revocation of Permits or Certificates*, of this Ordinance.

3.13.11 EXPIRATION

Site plan approval expires 12 calendar months from the date of approval unless:

- (a) a Zoning Compliance Permit has been issued for the project prior to the expiration date,
- (b) a statutory vested right was obtained under procedures found in subsection 1.8, *Vested Rights*, of this Ordinance prior to approval, or
- (c) a common law vested right is obtained from the Planning Director following provisions found in North Carolina General Statute 160D-108(h).



Agenda Abstract PLANNING BOARD

Meeting Date:	July 18, 2024
Department:	Planning and Economic Development Division
Agenda Section:	6C
Public hearing:	Yes
Date of public hearing:	August 15, 2024 (tentative)

PRESENTER/INFORMATION CONTACT

Tom King, Senior Planner: (919) 296-9475; tom.king@hillsboroughnc.gov
Molly Boyle, Planner II: (919) 296-9473; molly.boyle@hillsboroughnc.gov

ITEM TO BE CONSIDERED

Subject: Unified Development Ordinance (UDO) text amendment (staff initiated):

- Section 6, *Development Standards*, Subsection 6.18, *Signage*, Paragraph 6.18.10, *Billboards*

Attachments:

1. Section 6, Subsection 6.18, Paragraph 6.18.10 with proposed amendments & clean version

Summary:

UDO Sub-paragraph 6.18.7.6 prohibits new & existing off-premise signs other than those expressly allowed by the UDO. UDO Section 9.2, *Definitions*, defines "Sign, Off-premise" as "Any sign which directs attention to a business, company, service, accommodation, or entertainment conducted, sold, or offered at a location other than the premises on which the sign is located." UDO Paragraph 6.18.10 contains regulations specifically speaking to billboards, which are a type of off-premises sign.

In early May 2024, staff received an application to erect a billboard on property fronting South Churton Street between John Earl Street & Mayo Street. The application material contained a copy of UDO Paragraph 6.18.10. Staff denied the application. In discussing the denial with the applicant, UDO Paragraph 6.18.10 was identified as being misleading. The proposed amendment clarifies the town's intent to prohibit all off-premises signs not specifically allowed by the UDO by removing specific reference to billboards.

Comprehensive Sustainability Plan goals:

- Town Government & Public Services Goal 2: Adopt local laws, regulations & policies that help to achieve sustainable & equitable outcomes.
 - Strategy: Develop & adopt policies that help accomplish town goals.
 - Implementation Action: Regularly review & update town policies as new information is garnered & achievements are met.

Financial impacts: None.

Staff recommendation: Refer amendment to August 15, 2024, joint public hearing.

Action requested: Refer amendment to August 15, 2024, joint public hearing.

6.18.10 BILLBOARDS RESERVED

~~Billboards within one hundred (100) feet of the right-of-way along all roads are prohibited, with the exception of existing billboards existing as of February 17, 1986. These pre-existing billboards shall be subject to the following restrictions:~~

~~6.18.10.1 They shall not be enlarged or expanded,~~

~~6.18.10.2 A signed statement with the name and address of the owner and current lease for each sign shall be kept on file with the Planning Director,~~

~~6.18.10.3 They shall be subject to yearly inspections,~~

~~6.18.10.4 They shall conform to the requirements set forth in North Carolina General Statutes, Section 136-126, et seq.~~

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6.18.10 RESERVED



Agenda Abstract PLANNING BOARD

Meeting Date: July 18, 2024
Department: Planning and Economic Development Division
Agenda Section: 6D
Public hearing: Yes
Date of public hearing: August 15, 2024 (tentative)

PRESENTER/INFORMATION CONTACT

Tom King, Senior Planner: (919) 296-9475; tom.king@hillsboroughnc.gov
Molly Boyle, Planner II: (919) 296-9473; molly.boyle@hillsboroughnc.gov

ITEM TO BE CONSIDERED

Subject: Unified Development Ordinance (UDO) text amendment (staff initiated): Section 3, *Administrative Procedures*, Subsection 3.8, *Special Use Permit*, Paragraph 3.8.11, *Notice of Evidentiary Hearing*

Attachments:

1. Section 3, Subsection 3.8, Paragraph 3.8.11 with proposed amendments & clean version

Summary:

NCGS section 160D-406, *Quasi-judicial Procedure*, paragraph (b) *Notice of Hearing*, requires notice of evidentiary hearings be mailed to the applicant, owner of property subject to the hearing if not the applicant, owners of abutting property & other persons entitled to be notified by local ordinance. Notice must be mailed at least 10 but not more than 25 days prior to the hearing date. Notice must also be posted on the subject property or an adjacent street right-of-way within the same timeframe as the mailed notice.

UDO paragraph 3.8.11 requires (i) newspaper notice, (ii) mailed notice to property owners within 500 feet of property subject to a special use permit application & (iii) posted notice. The newspaper notice must be provided once a week for two consecutive calendar weeks in a newspaper of general circulation in the county & published within the same timeframe specified in NCGS 160D-406. Notice of town meetings are also provided as a courtesy via the town website.

The proposed amendment removes the newspaper notice requirement. Staff believes this amendment removes a form of notice that is likely the least effective of the three currently prescribed by the UDO.

Comprehensive Sustainability Plan goals:

- Town Government & Public Services Goal 1: Conduct town government operations in a transparent & responsible manner.
 - Strategy: Deliver town services equitably, efficiently & effectively.
 - Implementation Action: Use equitable & effective strategies to engage with the public.

Financial impacts:

Reduction in advertising costs that may be passed on to applicants via application fee reductions.

Staff recommendation: Refer amendment to August 15, 2024, joint public hearing.

Action requested: Refer amendment to August 15, 2024, joint public hearing.

3.8.11 NOTICE OF EVIDENTIARY HEARING

~~Notice of the evidentiary hearing on a Special Use Permit application shall be given once a week for two (2) consecutive calendar weeks in a newspaper of general circulation in Orange County. The notice shall be published the first time not less than ten (10) days no more than twenty-five (25) days before the date fixed for the hearing. In computing such period, the day of publication is not to be included but the day of the hearing shall be included.~~

Written notice shall be sent to the applicant, owner of the property subject to the request, and the owners of all property lying within 500 feet of the property ~~which~~ that is the subject of the application as indicated on the then-current Orange County tax rolls. The notice must be deposited in the mail at least ~~ten (10)~~ ten (10) days, but not more than ~~twenty-five (25)~~ twenty-five (25) days before the hearing date. ~~In computing such period, the day of publication is not to be included but the day of the hearing shall be included.~~

A notice of the request shall be placed on the site that is subject to the hearing or on an adjacent street or highway right-of-way at least ~~ten (10)~~ ten (10) days, but not more than ~~twenty-five (25)~~ twenty-five (25) days before the hearing date.

VERSION 1: July 18, 2024 - CLEAN**3.8.11 NOTICE OF EVIDENTIARY HEARING**

Written notice shall be sent to the applicant, owner of the property subject to the request, and owners of all property lying within 500 feet of the property that is the subject of the application as indicated on the then-current Orange County tax rolls. The notice must be deposited in the mail at least 10 days, but not more than 25 days before the hearing date.

A notice of the request shall be placed on the site that is subject to the hearing or on an adjacent street or highway right-of-way at least 10 days, but not more than 25 days before the hearing date.